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>> Councilmember Herrera: We have a quorum and we're going to call this meeting to order. March 26th, Community and Economic Development committee meeting. Can we take roll, Councilmember Oliverio, here. I'm here. Councilmember Kalra --

>> Councilmember Liccardo: Present.

>> Councilmember Herrera: Councilmember Kalra. Councilmember Liccardo.

>> Councilmember Liccardo: Yeah, he's present.

>> Councilmember Herrera: We have a quorum. First on the agenda is the review of the work plan. We have a cull of deferrals requested, three year housing investment plan.

>> Councilmember Oliverio: Motion to defer.

>> Councilmember Herrera: You can -- why are we deferring the housing investment plan? Staff I'd like to no why.

>> (inaudible) we decided to extend the time for outreach and then write the plan, we wanted to be a truth midpoint check in. We'll bring it back in may.

>> Councilmember Herrera: May, business plan for clean tech business demonstration center. That was supposed to be deferred to may. I don't know why that was on today.

>> Councilmember Oliverio: Motion to defer both.

>> Councilmember Liccardo: Second.

>> Councilmember Herrera: All those in favor. So we don't have anything on the consent calendar. We're going to hear now from Kim Walesh on our verbal on our economic activities. Take it away, Kim.

>> Kim Walesh: Good afternoon, thank you, Madam Chair, councilmembers. Good afternoon. Going to give a few highlights of activities in the last month or so of our citywide economic development team, and then later on in the committee we're going to talk about all the good things we've done implementing the 18 month work plan going back to last October. Our fun fact, this came out two weeks ago. So this is the most current data that the federal government tracks for exports. So it's for 2010, exports for our region totaled \$26 billion, which was an increase of \$5 billion from the previous year, which was a very, very significant increase, and we still rank number 1 in the nation in exports per capita. So we can safely say we are the most export intensive region in the nation and we are 8th in terms of absolute value.

>> Councilmember Herrera: Kim can you tell me what sort of exports, generally?

>> Kim Walesh: Well, as you can imagine a lot of it is electronics-related goods, networking equipment. Most of it is being flown out of our airport, though what's unique about this data is that it tracks the place of origin. So if something is going out the port of Oakland or San Francisco airport it's still sourced as here. So we have, you know, five areas that we're very much focused on. And business outreach is a really, really important part of what we do. And I want to start by just announcing a welcome to two new OED staff members who started this month. Don Burris, who you know very, very well, came over from the Redevelopment Agency. He is not able to be with us because he's out on business outreach at the moment, but he's a terrific addition. And then Michelle Callandra has joined us, Michelle, if you could wave, to do business communications as part of our outreach team. She comes here from Fresno, having worked with the city council, and with economic development in Fresno. So these are just some examples. And I have to say a lot of the interesting companies we're meeting with are manufacturing in Silicon Valley. So Motiv is an example of a company there that does clean tech power management. They are a great example of a clean tech company that is choosing to use a local contract manufacturer, Airtronics, to do their pilot production. Edeniq is a biofuels company that we have been working with. Altierre is an incredible company that Chris Burton and I visited a couple of weeks ago. That is doing digital

retail, and they're actually bringing production back from China to Silicon Valley. We saw their test and assembly line. Because they've realized the differential between what it cost, all in, in China and here, is so narrow, they would prefer to have it right under their nose in their headquarters, which is in the international business park. We met with Foxconn, which is a big Taiwanese contract manufacturer. We have met with all the tier 1 and tier 2 contract manufacturers, really interesting stories there. And then through Nancy's leadership we had a fabulous session with vantage point capital which is one of the main funders of clean tech companies and are looking -- they are fairly really impressed with San José. I think this is the theme. When the venture capitalists, who are in the middle of their funded companies, hear about the things that we're doing in demonstration and other areas, they really want to figure out what the connection is between their portfolio companies and our city. Of course, another big part of what we do is helping our people find jobs. And on that front, we had the far business tax assistance day to support our people who are small business owners, with free tax advice. And then Work2Future had another job fair on March 8th. And just to go back if we could to one slide because I missed a couple key points. The STI folks, the combined expediting permitting programs, STI and ITI processed 30 projects in the month of March. So noticeable uptick in activity and really key companies Ford, SunPower, Oracle, Erickson, Adobe, eBay, and Coffee Bean and Tea, among others. So a wide variety but a lots of activity there. We also of course had the visit from Dublin where, in addition to a tremendous Sunday morning bike party that Councilmember Herrera participated in, we had very good conversations about the environmental innovation center and the work that we are both doing in demonstration and how we could have a partnership there. And then the San Pedro urban market, we continue to work with their tenants and treat BOT. Very popular treat BOT and an establishment called Blush Bar are now moving through the process. So real Estate, you may remember a couple of months ago we had Terry Medina here. We introduced you as a terrific head of a real estate services group which Nancy supervises. And I just wanted to emphasize that this team is on track to generate 3.8 million this fiscal year from real estate transactions. This is over double what this same group accomplished over the past ten years. Part of becoming part of our operation. And they have less than half the same staff. So used to have about 13 people and they're down to four and we are filling two vacant positions. But just a real incredible effort if you talk about continuous improvement in looking at a function and how to generate more and make sure that people, they're working very, very hard but they are very, very focused. Also just want you to be aware of in addition to the selling of the real estate, that team is responsible for all those things up there which are essential

to make city projects and partner projects including transportation work in the region. So it's a really significant performance there. Downtown, we finally did the formal announcement of the much-talked-about wickedly fast, free, outdoor WiFi which will be implemented this summer. And then next week on April 5th we are launch be the choose San José, choose downtown campaign in partnership with the mayor's office, the San José Silicon Valley business journal and three of our major property owners downtown. So there will be a web page called choosesanjosesej.com which will very clearly articulate the amenities and the incentives for downtown. And last on the cultural area, we had an announcement of the finalists for the climate clock competition which has been a three-year partnership with ZeroOne, Montalvo, and San Jose State University, this organograph project which you can see the picture there, it actually moves over time in response to climate change. And then also, we completed about a year and a half's worth of really good work, figuring out how to repair the San José veterans memorial, in a way that was more durable and less expensive. And unfortunately just before we finished the repairs, an additional panel was damaged. But staff is working to expedite the replacement of the panel and figure out an ongoing solution there. So just in two dates to have on your calendar, of course this Friday morning, March, a lot of other organizations. To start to articulate what Silicon Valley needs from the state and the federal government to continue to be successful. And then, there will be an also another important conversation that Councilmember Liccardo is helping to convene through the Santa Clara County cities association, the evening of April 12th to talk about regional collaboration on economic development. I just want you to know as a staff team we are very excited about participating in both of those conversations and being open to the ideas that come out of those. We definitely need a state that's more constructive and supportive of away we're doing but also there's probably more that we can be doing regionally to continue to help ourselves. So that is our monthly report.

>> Councilmember Herrera: Okay, thank you Kim. I had a couple of questions. Thanks for pointing out the number of manufacturing companies that are here. I think that's significant. I wanted to understand I think it's important the number of relationships we're creating. Now we have this relationship with a VC firm, vantage point capital. Maybe Nancy can address, how did that happen, and talk a little bit about the that and how important that is in terms of securing more business here and moving forward.

>> Thank you very much. That connection was made at a conference in Vancouver, and they were speaking about several different things, including the importance of VC funding in city things going forward, understanding the demographic need so many more people in cities. It was a good set of conversations. Many VCs are paying attention to what their portfolio companies can take advantage of. And so there's already beginning a conversation of referrals, of companies and/or angel investors for baby investments, that might be appropriate for those folks who would demonstrate at the center for -- center, clean tech demonstration center.

>> Councilmember Herrera: Nancy and I have talked about this outside this meeting, the opportunity there might be for companies that would stay advantage of the clean tech demonstration center, to create a package deal, for them to use our demonstration center and secure some leasing space in one of the buildings nearby and put together a package deal. Because this is something I think is an amenity, the venture capital community would view this as an opportunity for them to precommercialize products and test them in the center.

>> The councilperson makes a great point. And one of the things that you know, in May we are coming back with an update on the environmental center and the clean tech demonstration center, so those property owners, because there are property owners close by who have good and very low-cost space so to think about it as a broader package, even more of a public-private partnership in that way.

>> Councilmember Herrera: Yeah, I just think we need to leverage that innovation center. Another comment or question on another bullet here. When you're talking about the number of projects that we're processing now in terms of the expedited permitting program. I just wanted you to maybe if you can compare that to where we were last year, just in terms of how much better we're doing. Because I think we talked about you have 77 in STI?

>> Actually, Kim corrected me. The number was 131 since January. And what I was able to find out that it was threefold more, Jo?

>> Kim Walesh: Why don't we have staff look at that. And when we do the work plan update, we have the statistic since January 1st, 131 STI-ITI projects have gone through our center. Roughly a threefold increase.

>> Councilmember Herrera: If you could get that number, I think it's great to see where we are year over year because then you can see the improvement. In terms of the Irish event it was incredible and most of us were able to participate in that. I just took note of one comment that I think it was the vice consul general made, and that's the the number of jobs that are being created by Irish companies for Americans. And that was 90,000 jobs. Now Irish companies -- creating jobs for Ireland is 100,000, but I think it's important to note that we are creating jobs here in this country, too. A lot of times folks wonder, what benefit is it to be working with these foreign companies? These dreams back to their company and certainly that's part of what they want to do but I think it's worth noting that this is a reciprocal thing going on and we are creating jobs here. I wanted to highlight that. The other thing I wonder if you could mention, I know in May you mentioned the Work2Future program. There is a business expo in May. Is somebody here from Work2Future, can you make note, we didn't mention that one, so I think there's another expo coming up.

>> Kim Walesh: Yeah, I don't have the date, but you're right, in City Hall in May there's another small business related Expo. We'll put that in the report as we send it around after the committee meeting.

>> Councilmember Herrera: Great, and question. Councilmember Oliverio.

>> Councilmember Oliverio: I notice Motiv Power Systems on the web, they're listed as Foster City, so are they moving down?

>> Kim Walesh: Chris is the one that has had interaction with Motiv about their San José presence. We are also working with them to submit a California energy commission grant application, which is another one of the ways we help companies.

>> So Chris Burton, Office of Economic Development. So Motiv are currently identifying their options. Really, the key there is that they are using Airtronics. So we made that relationship first. They're going to -- they're a small R&D facilities up in Foster City right now, but they're going to take down 10,000 feet inside the Airtronics facility

on Senter Road, and that will be their pilot production. So technically they'll have a presence in here in a couple of months.

>> Councilmember Oliverio: I don't know, I'm a little uncomfortable with this one, because you could have a multitude of companies located in Palo Alto or Redwood City or Sunnyvale and just because they have contract manufacturing here and that's great for the region but it really doesn't tout San José space being leased, truly as their own independent. So I would just be hesitant on marking that as something you know worth talking about.

>> Kim Walesh: It is part of the innovation of this business model though that we're seeing in clean tech and part of the reason why we went out to the contract manufacturers is to understand their interrelationships of all the companies.

>> Councilmember Oliverio: I could give you a list of 100 companies that are located in Silicon Valley but have their pilot production runs done at Flextronics San Jose, Sanmina San Jose, Solestica San José, but they are really not San José companies. That's my only caveat.

>> I would agree councilmember. This is a slightly different issue with this company because they're actually subleasing their own space within Airtronics. And then will, rather than just have a contract manufacturing relationship, they'll take down their on 10,000 square feet and will work with Air Tronics and their expertise to then ramp up their staff on site.

>> Councilmember Oliverio: Which is very similar to many other companies as well.

>> Right, but this is much more of a symbiotic relationship, rather than just a service provision.

>> Councilmember Oliverio: Thank you.

>> Kim Walesh: Understand your point.

>> Councilmember Herrera: Yeah, I think that's a slightly different point. If you have a company that is sort of using some contract manufacturing services but also having its own presence, that's different than just having a service related thing. Anyone else, Councilmember Liccardo?

>> Councilmember Liccardo: I had a quick question, I know Foxconn is certainly in the news. I don't know that they were actually manufacturing here. Have they been here a long time?

>> Yes, they have had 40, 50,000 feet, it's actually a little bit more. Chris was the last --

>> Yes, Foxconn has about 150,000 square feet up on junction. They've been there quite a while.

>> More than 10 years.

>> They do all the pilot production, sort of in that scenario, for a lot of local companies.

>> Councilmember Liccardo: Right.

>> So they do the first run new product introduction.

>> Councilmember Liccardo: Okay.

>> I think they have about 400 employees.

>> Councilmember Liccardo: That's encouraging. Thank you Chris. And Councilmember Oliverio's point is very well taken. At the same time, I -- we've got more contract manufacturing coming, let's keep it coming. I think it's a great thing. Obviously it's jobs here in this city. They're paying utility taxes in this city. Lord knows with more than 9% unemployment at least in some parts of Santa Clara County, in the aggregate we're below that, we can use all

the jobs we can get. I think it's great that we're becoming increasingly a place where folks are moving back to after their time on the other side of the Pacific so I hope we can keep manufacturing happen here. I had a quick congratulations to offer on the marketing launch of downtown, the choose downtown SJ.com, my understanding that's almost entirely funded by the private sector, is that right?

>> Kim Walesh: Yes, we put a small amount of money in it and leveraged that at least three times in terms of cash contributions, and then a lot of services contributions, so it's a good model.

>> Councilmember Liccardo: I think that's fantastic, obviously leaning heavily on our partners in the private sector to make that happen, obviously that's going to be the path of the future. And I'm just grateful we're able to convene folks and they're willing to step up. So thank you all for that. Just a quick explanation about the varying of events. I know a lot of economic development events going on right now, and March 30th, so everybody's clear, is a regional effort being launched by SVLG and joint venture and lots of other folks around, on what the state ought to be doing and the region. And the April 12th conversation is around what cities can do here in Santa Clara County toward better together to promote economic development but very much appreciate Kim's participation in the 12th event where she will be facilitating one of the dialogues are and also congratulations, I think you just won a character award from the Boy Scouts. I just got the invitation. Congratulations.

>> Kim Walesh: Thank you Councilmember. I'm not a boy scout however.

>> Councilmember Herrera: Okay, great, all right. So we're moving on to number 2 which is an update on our top five priorities of economic strategic work plan.

>> Kim Walesh: I'm going to ask our other reps of our other team to come up here.

>> Councilmember Herrera: Joe Horwedel million.

>> Kim Walesh: Laurel, why don't you come up, Manuel, you can too. And then Chris and Lee why don't you fill in on the other side there, just so you can all field questions. Anybody else want to come up? Would you like me to start or --

>> Councilmember Herrera: Yes.

>> Kim Walesh: Okay. So just for our viewing public, the city has a five year economic strategy that was adopted in 2010. And last October, you as the city council adopted an 18-month work plan. So this is a check-in on implementing the work plan, since last October. And I think generally our team feels very, very positive about the accomplishments. And really positive about the opportunities facing San José, and we're working very well together as a CSA. And clearly, with our partners in the community. So you have a memo in front of you that is the progress report. I wanted to say and overview our most significant accomplishments in the period and in the end be point out some of the challenges we're facing so you're aware and you understand and your reactions, interactions with us some of the challenges we're facing so you might also have some solutions. So and we're using just to try to -- try new technology, the Presio. So John and Chris put that together. Is that what it's called? Sorry, Presi. We use this because I think it gives you a sense of our scope citywide. It doesn't make you dizzy.

>> Councilmember Herrera: Do we need our 3D glasses?

>> Kim Walesh: It will keep you awake. The first, I should say it's with the mayor's leadership that really directed us to spend 80% of our time on these top five priorities. And I think we can confidently say that's what we've done. So priority number 1 said work at the speed of business on major development projects that can have a measurable impact about within the next 18 months. And I think it's important to note that we have met this priority in two ways. On the one hand, we have led some very, very significant efforts to shape a cost competitive speedy environment for business. So all of this policy work. Right? And on the other hand, we have been facilitating major development projects and taking steps to get more in the pipeline. So there's just always going to be this inheritive tension, the same do the policy as well as the project work. In the past ten months we have kept the

projects moving because that's what gets result. We have invested very significant time in the policy changes that you see up there and we got very positive response to the construction tax reduction, with Ru's leadership and with Joe Horwedel they have been out to meet with 10 major property owners and developers in North San José to talk about the traffic impact fee and are finding very positive response to that. We made I think a very thoughtful proposal to add staffing to development services. And we need to do a very smart hiring now, so we're in the process of getting the new people on board. I think you know with Joe, there was a lot of changes to ordinance changes, and to zoning ordinance and to sign code, to get those frameworks in place and more stream lined. We streamlined Real Estate process which was not insignificant step to take. and we have submitted the application to the federal government for that expedited foreign trade zone which again was a very significant body of work. So we all know that getting this framework right is very important. So just want you to appreciate that was I think very significant good body of work that has changed our policy environment. So -- but the project successes are what we're looking for. To give you a quick STI ITI 132 STI-iti proposition. These are examples. Micree capitol Chevrolet, know novels. So since last July 1st. Staff has conducted 175 business outreaches meetings with driving industry companies and the follow-up actions, right? So it's not just about going out and meeting with company, it's about follow-up, follow-up, follow-up. You can see a sample the of the companies identified here. In addition to this we continue to meet with brokers, property owners, tenants that's how we get information and referrals. Where is this taking us next? To Hitachi. The mixed use development ready to break ground. So the retail portion will be submitting plans for approval this quarter. And the developer has stated the desire to break ground with 250, 000 square feet of treat. Annually in new sales tax revenue and then in addition four developers have been selected to build 3,000 units of housing. We already have 3,000 units of housing underway in North San José and now we have this other area emerging as a transit connected mixed use area. Building permits were issued to three auto retailers. Capital Hyundai, Chevrolet and fiat. So the good news is, is that with the addition of these three dealers, capitol auto row is once again fully leased. And this was an area that up until three years ago, recently as 15 to 20 acres of land was vacant and there were concerns over would this be viable as auto sales or should it be potentially housing. It's a great example of where retention of land has safeguarded the vitality of this as an auto row and sales tax revenue is up 15% in 2011 -- was up 15% in 2011 compared to 2010. So again, a good lesson about the cohesion.a district. And then of course you know the Almaden ranch project was approved to bring up to 400,000 square feet of retail, more than 700 jobs, and upwards of 650,000

annually in new sales tax revenue to the city. And there's those 3,000 units of apartment. John went out yesterday and took that photo, isn't it a great photo? So thank you John for that. In action on a Sunday afternoon, photographing his city. And then, advance manufacturing in San José. I think you can see we are pursuing a theme here which was one of the themes we were directed to pursue. We've met with all major tier 1 and tier 2 contract manufacturers to better understand their role, how we can retain them, how we can help them succeed. We will be convening them at City Hall sometime in the fence six months because they want to come together, in regard to some of their shared needs for example in the area of workforce training. Okay. So I'll let you skim the rest of the memo. You can see we have shared our responses for the sign code ordinance, for air service, you know we've had great opportunities on soccer, and hopefully, we'll have great opportunities on baseball. And continue to work on the implementation plan for envision 2040 which will come back to this committee in two months. So some of the challenges, as I said earlier, I think we feel very positive about what we've accomplished. And we're working very well together. But we do want to flag a couple issues here and then invite the team to fill in for me. We are challenged every day and every week about how best to deploy our limited staff for maximum impact and client satisfaction. So there's this balancing act between the policy work and the report-writing which is important and working on client projects and delivering service. And I think we all face that every day. I think we all also feel like we are so committed to do really good work, right? We have a bunch of A students here who always want to do our best and sometimes we can't take appropriate time to do our best. Or we can't always prioritize everything that feels like it's a priority. So we ask for some of your understanding and to give us the benefit of the doubt, because oftentimes we're really juggling a lot of priorities that are all a priority to someone. So just wanted to raise that. The second is clearly we have had huge loss of resources especially with the Redevelopment Agency going away and the downsizing of last several years and so we've had to downsize expectations. I think as we work through this first full year of not having the redevelopment there, we will be looking for things. In general our motto is we're doing less internally and we're partnering more externally and we're aiming to accomplish a lot incorporate so those external partnerships I think are responsible for all of us and we've really focused the last six months about how to strengthen and create new partnerships where it makes sense. So that has meant sort of recasting some of our work with the downtown association, stepping up our work with the leadership group. We're in ongoing conversation with the San José Silicon Valley chair about their rethinking of their role in economic development. We have the new partnerships like with San José which

Councilmember Liccardo mentioned and the free public downtown WiFi many less internally and having smart participation externally. We are involved in regional and statewide conversations about the new financing tools that are needed for infrastructure, for housing and economic development. Our CSA is a player in that. And we will be weighing in on active legislation and also articulating what we need to succeed going forward. We think we have a voice that should be listened to. We are all in supportive of the budget addition to add the small business ambassador and really think that's essential. And then the last area I mention is, we don't really have the capacity now to respond to requests on small retail projects. We have been able to focus on major retail developments. And driving industries. But this is one of the capacities that was lost in the -- when the Redevelopment Agency had to be transitioned. And we had to be focused on the priorities that we've been given. So we'll continue to think about what is the City's role in supporting the neighborhood business districts and the smaller establishments. Because I think at some level it is an important part of economic development, the link between citywide economic development and more place based neighborhood development. Some of that comes to the forefront when we think about envision 2040 and urban villages but that's a more long term effort and we do sense some short term needs in this area. So with that, that's an overview. Let me just ask the team if there's anything else that they would add for that overall story of what we've been focused on since last October? And then obviously we'd like to answer any questions, and we can talk more specifically about development services then if you'd like to go deeper on that.

>> Councilmember Herrera: Okay, well, okay, great. Thank you for the report, and I know we have an amendment -- I'm going to let Councilmember Liccardo talk about that. Before I do I want to say from my perspective I want to thank the Planning, Building, and Code Enforcement department for the fantastic work that they do. We have an incredible team along with economic development who works tirelessly to get these projects across the goal line. It's not a huge team, it's a small team and you guys do an incredible amount of work. I just want to make sure the first thing we say is what a great job the team is doing. We do have A team prepares I just want you to know that I am very appreciative of the work you guys do. And I think that anything that we talk about in terms of service levels or looking to improve should be looked at as a team effort. And looked at in terms of constantly improving quality, just like in the private sector, we talk about continuous improvement. I mean we're all trying to find ways to improve our quality and I know that every department that serves customers serves our

community feels that way. So I just want to preface whatever we talk about with that. That continuous improvement, we do an incredible job and that any effort that we put forward in the future needs to start with the people that do the work. When I had my company and we went through the ISO 9,000 process and that's a quality process that you go through to be able to assure that you're providing quality, how you do that is you ask the people that actually do the job, how do you the job? You don't come up from a 30,000 foot level and say you will do this. You ask people how are you doing the job and how can we help you do that better? Quality really begins and ends starts at the bottom or at the ground level where the people are actually doing the work. And then you know people that are layered above them need to work with them them. And then we need that's why I signed onto this memo. So I just want to put out that's where I'm coming from. Continuous improvement, working together with our team and I'm going to hand it over to Councilmember Liccardo who is the main author of the memo.

>> Councilmember Liccardo: Thank you, Madam Chair. I just wanted to offer, aside from what's in the memo, I appreciate Kim's statement about the challenges of whatever balls have to get dropped before identifying key priorities. And we recognize, with the elimination of redevelopment we lose our ability to support a lot of our neighborhood business districts. I think there are a lot of promising models that are emerging and Lee's been working on a couple and others have been as well, for instance dean of the business school, starboard is committed to seeing how his students can be engaged in working with us and neighborhood, businesses along desire as well the Communiversity. I think there are some great partnerships that may help us catch some of those balls and I appreciate the fact that very scarce resources. I wanted to just offer the memorandum dated March 23rd from myself and councilmembers Herrera and constant as part of a motion that would include the staff's recommendation and that's a very long recommendation so I'm not going to get through it all. I just offer that I think this is an opportunity for us to send a really strong message to the region about our commitment to customer service in this city. And the fact that we're willing to make a commitment and act, and stand behind that commitment with rural actions, is something that can differentiate ourselves from other cities both throughout the region and other areas O&M rather we're competing with the research triangle and with Austin and with Shanghai and we really need to be standing out in a significant way and so I hope that this is one means for us to be able to stand out as we're competing with many other regions throughout the world for opportunities, for growth and jobs,

we're certainly seeing great success as was mentioned with our STI and itl programs and I hope we can replicate that through our development services. So for that reason I offer the recommendations in the memorandum dated March 23rd.

>> Councilmember Herrera: I'll second it for the purposes of --

>> Councilmember Oliverio: I'd be happy to second it.

>> Councilmember Herrera: Okay, session.

>> Councilmember Oliverio: Quick comment.

>> Councilmember Herrera: Yes.

>> Councilmember Oliverio: I appreciate the memo. Obviously it will be discussed at council. I just wanted to throw retail support I would just aptly ask the department to try to prioritize within that large category. Because not all small business and not all retail is equal into what it gives back to the city in revenue or employment so however you want to look and think about what should be prioritized or for something else I'd be interested in hearing how that would work. Because I don't want to get scattered.

>> Kim Walesh: We're fully aware of that. Right now we're just flagging it as an issue we want to give thought --

>> Councilmember Oliverio: Joe knows well, this particular item, this district is really important in any district, whereas a 2 person business versus a 200 person business professional judgment. That type of triage is what we do every day, looking at what how they fit the City's goals. So it's part of what we'd like to talk about today as we talk about this item.

>> Councilmember Oliverio: Thanks.

>> Councilmember Herrera: One thing I'm wondering Sam on the memo is, I'm really, I think number one on this recommendation, developing the commitment really parallels kind of what we're talking about in the staff's report in terms of working at the speed of business. And I'd like to know if you'd consider, on items 2 through 4, including them but also saying, allowing for subject to the employee input and staff analysis on any one of these. Because we need to have them look at it, and there might be things in here that might need to get tweaked. I would just like to -- I would like to add that in there.

>> Councilmember Liccardo: That's not limited to 2 to 4, that's for these, it's all based on our staff input and staff analysis.

>> Councilmember Herrera: Because some of them are pretty specific recommendations. And you know, we might-they might -- the refund area, different things. Especially the ones where you're getting very prescriptive or very prescriptive on it, I'd like to allow the staff and employee input to come back to us. A lot of these they can support which would be great but I'd still like to have that in there if that's okay.

>> Councilmember Liccardo: The expectation is all of this is going to go through thorough analysis from staff and Weaver going to come back with the best.

>> Councilmember Herrera: Thank you. Councilmember Kalra.

>> Councilmember Kalra: detailed suggestions but I do think that staff needs to go through it and they may have a better suggestion or a better way of doing it and I appreciate the fact that the memo contemplates that there may be other opportunities and I just want to make sure that it goes from 4 to 6 on my copy and so I just want to make that --

>> Councilmember Herrera: All the way to 6, all the way to the end.

>> Councilmember Kalra: It goes from 4 to 6 and 7. I just want to make sure that I'm not missing mine --

>> Councilmember Liccardo: I went to law school because I couldn't count.

>> Councilmember Kalra: Just wanted to make sure. Only because six started at the top of the page, I wanted to make sure there wasn't a page I was missing.

>> Councilmember Herrera: Only you.

>> Councilmember Kalra: I liked a lot of the ideas that are in this memo.. I agree 100% with the sentiment behind this detailed suggestions on the time lines and kind of get back with the day of the week and so on, a lot of that is capacity and a lot of that has to do with behavior. You may have a better sense of what the more appropriate time line would be or if it is appropriate how they go about doing it. And I do like the whole idea of the kind of the chess clock, the way I like it is the McDonald's clock in the fast food place, as soon as they get the order, I know we're not making a big Mac here, but at least we have some sense of how we can improve our processes if there's need for improvement and if not, how we're doing well and how we can maximize that. I think the memo is detailed enough that I don't think there's any doubt, any of the staff, what the idea behind it is. And so I think that I look forward to staff having an opportunity to go through it and come back and let us know, you know, how it can be implemented in the most effective manner so that I'm happy to support it.

>> Councilmember Herrera: Thank you, I thought of because again, I want to really entice this. People who are closest to the work usually have the best ideas of how to improve things. We need to really listen to them. That's where it was done in Japan, quality circle, that was their whole thinking, that's what we brought over here so I hope we keep this in mind as we're moving through this. And wanted to also suggest that -- listenings to Councilmember Oliverio's point about not all retail -- not all opportunities in the district are equal. I do appreciate the fact that you triage these things, Joe's staff triages, prioritization is very important. If you could look into, is there a way to have maybe some folks that could afford to expedite things, could they pay a little more for a are

different level of service, I don't know if that's even possible not all projects are the same. Some folks may have an ability to pay a little more for a little different service if that were available and if that were possible. Kim?

>> Kim Walesh: I would ask to let Joe say a few words about how we have been approaching continuous improvement and how we see this next chapter. You know, in development services which is a partnership between Planning, Building, and Code Enforcement, Public Works and sire. And then I think we may have a few questions back from you, we'd like to get initial input from you.

>> Councilmember Herrera: You might want to get a word in edge wise?

>> Joe Horwedel: Oh maybe.

>> Councilmember Herrera: From the three biggest talkers? Go ahead.

>> Joe Horwedel: First off the development partners do appreciate and thank the thought that went into the memo. Because I think the goals are all the same. Of that how we think about serving our customers, we want to deliver a quality product to our customers and we're not always able to do that. As Kim mentioned we are torn at times about what level of service to be able to deliver, with the services and the demands that are out there. But it is one that we are an organization of continuous improvement. I'm glad you mentioned that, that is how this valley operates and that really is how we have thought in development services. The product that we deliver today did not exist five years ago, ten years ago. We've continued to evolve. What we've done with STI and itl and the successions there, we've brought into other parts of the organization, we keep bringing kind of new layers of that knowledge and experience into the main part of our business. It is a FedEx model so it is pricey than our normal service but our goal is that our normal, everyday customer should be able to have certainty about the process. About what we are able to do for them, what they need to do to be in the process. So absolutely, I think the items that have been raised in the memo are fair questions to ask of us in how we deliver that service. It is a business that is extremely busy. Fast paced. We did 10,000 building inspections that's not building that's not fire, just plan checks. We' there is a lot of volume that moves through our organization and we have been ramping up

and very appreciative that the council approved the extra staffing in January. We've got about half that staff on board but the other staff really we won't see their faces until May, just as a part of the process of recruiting new people in. It is a time of a lot of turnover and change in the organization but that has opportunity. And as you talked about the culture, that we set within our organization, is extremely important. And that this is an opportunity to go through and really emphasize about the need for empathy with the customer. A very regulatory world we're in. It is very easy to fall back to enforcing codes. Whether it's the zoning code or the building codes, the building code books are literally that thick on the shelves. So it's not that there aren't always a reason to find a code fault. And so really the challenge is to help our staff go through and help the customer get their permits. Within that world of law. But to go through and not use this as a weapon against the customer. And when things go bad, that's how the customer feels about it. And that's not our goal. So it is one that the management of development services is very focused on improving that customer service experience. I think we've never shied away from that and we're committed to going through and working through what's in here. Certainly, there's some things in here that are probably a little more challenging than others. I mentioned the triage, all projects are not fee how we assign staff, how we go through and set schedule, all of those are variable based upon those types of projects. Just Friday, the mayor's staff and I met with customers, looking at building 11,000 feet in North San José we are guaranteed schedule for that customer, it will have impacts to every other customer we deal with. It, guaranteed, it will happen. And that's what happened with North San José when we did all the North San José housing. A year later that wave or ripple is still among through the building and plan check process because of the amount of disruption we consciously made to go and get those projects done by that December date. It pushed everybody else further behind. So it is one that we are very deliberate about those kinds of tradeoffs. I think in some cases we don't share that enough about those tradeoffs. We are doing more of that now. We did that last week with the chamber. We met with them. We did that with some of our large customers that we were meeting with last week to talk about these issues. That there are kind of those types of tradeoffs and we will very clearly make those changes, disruptions, whatever you want to call it in how we deliver service. We are working on some staffing. Including some contract staffing that will help with that. So that there's less disruption. But it still will not be a cure-all for that. So it is one that kind of managing those expectations. And so part of really what I would like the committee, whether it's today or in a subsequent meeting, for us to talk about is what does success really look like? And this is the same question we put to our development customers, is what does it mean for us to

successfully serve you so you get what you need in a manner that you want? And that's different with different customers. But it is one that it's important because if the targets are 100%, versus 80%, to accomplish a certain goal, very much affects how we staff, Ohio how we go through and set our how we go through and set our fees how we run our business, what our risk management is. Whatever the target is we're going to aim the organization to deliver to that target. But it is one that you know, we deliver most of our services to 85%. So we will -- our goal is 85% inspections within 24 hours. 85% of projects will get a 30 day letter within 30 days. 85% of our plan check customers will get their projects per that time. Because we can't control when people come in the door. We always are going to be taking stuff in. So we are a very cyclical business. As well as we don't always know when people are going to come in to check, hey I need a check tomorrow. We 85th percentile to try to flatten ourselves out a little bit and not try to do it to 100%. It's possible, it's just wildly inefficient and expensive to do that. But if our goal is to do it 100% of the time we can go through and build us a round to do that. I think there are questions we as a group need to go through to decide, and it may be for our large driving industries our genome is 100% of the time we're going to hit those targets, for the smaller customer, to target. So that's the things that I would -- I think from staff's standpoint, we think is important in how we look at how we go about setting our expectations with our customers. But clearly we think it is important to reset those, revalidate those. And you know, see how we do that better. Just as we've done in the past, so thank you.

>> Councilmember Herrera: Thank you. And was there any other comments from staff? I think -- I think certainty is important, Joe, customers having certainty. And I think just you know, I know in any business I've ever been in, I'm sure Councilmember Oliverio has heard this before at least, that you underpromise and overdeliver. You know so we don't want to get ourselves in the position of saying, we're going to do it 100% of the time and can't really do that. So I think setting service expectations that are reasonable, working with the staff, management and I would say customers too. I don't know if you guys can do this but if you could have the ability to bring in some folks and have some focus group sessions or quality circle sessions with customers, representative customers and get an understanding of what it is they're looking for so you can zero in on a few things that would validate what you're saying. But I think the certainty in having those expectations where people can know what to expect is probably one of the most important things and you're right you can't be everything to everybody. We can't expect that for you. I think we have to define, when we talk about superior service, what does that mean? I know in

industry we constantly had a look at that, what does that mean, what is it we are saying we're going to achieve, people can put out superior service, not just about putting out a statement, we're going to be superior, it's about we really do meet those customer needs. Anybody --

>> Councilmember Oliverio: I'd I'll just say Joe I know it's a tough decision to make and I know it's always going to be peck line if we do have an opportunity of a million square feet then I am comfortable accepting the fallout that someone else will get upset but I think that's a bigger opportunity for the city as a whole.

>> Councilmember Herrera: Councilmember Liccardo.

>> Councilmember Liccardo: Just respond. First I'd like to thank Joe and a few people on his team, Sue Channing and I think I recognize representing the downtown, I probably hear more of the bad news I think than most of my colleagues just because we have a high number of small tenant improvements, small businesses that require, because of the large amount of turnover, just require a lot of attention and a lot of old buildings and old systems that never seem to match the reality never seems to match whatever is in the blueprint because these things were built 110 years ago, and so I recognize I'm getting a perspective which has inevitably complaint-driven. Nonetheless I think in terms of the need to triage and the prioritization that has to happen, I don't think there's any reason we can't do that prioritization in that policy if we're going to say look we think that the most important things let's say it's tenant improvements for office R&D and retail, and we think that's the most important priority, then let's set our schedule commitments around those processes and everything else takes a second seat. Now you know better than I do exactly what drives the revenue and the jobs and everything else. I'm guessing that's probably the category but you know better than I do. And so we don't have to make the 100% commitment on all development services. But if we can make the 100% commitment on those key services that we know are really going to drive jobs, then hopefully we'll have a commitment that we can use K A K that will really work, and make our customers satisfied and B, that we can really market in a significant way. Because although I plate agree with the sentiment of Councilmember Herrera that you underpromise and overdeliver, we need a document outside world when they're making decisions about where to move and if they've heard something about well my predecessor had a problem last time they moved to San José, how can we change their

mind? We need -- we need something to do that. And I think it's really critical that we have a document that's bold enough to be able to do that on those key targeted priorities. And then, you know, the question about the 100% and 85% I trust that to some extent about my view, I recognize that even the fire department has a response rate that doesn't meet the goal for life safety emergencies 100% of the time. So we recognize, you know, we're in a human world. But I think we should set a strong target for those key priorities. And we should ask ourselves what about the 15%? And we should ask ourselves that in a way that we really have an open discussion with our partners in the business sector about that, about what is a meaningful response to the 15%. Is it at least supervisors getting the information readily, to make -- be able to make decisions about how we change processes going forward. Is it for that really high priority category of processes, and permits, that we actually offer partial refunds? Whatever it might be I just think we ought to be deliberate about recognizing, if there's going to be an 85% goal that we actually have a response for the remainder.

>> Councilmember Herrera: Kim, did you have something to add?

>> Kim Walesh: Just one offer and one request. We offer to provide the committee with monthly verbal updates on our progress on this project in April, May and June. And the request would be that if you approve this recommendation that you somehow, for the record, indicate that especially on items 2 through 4, that those are very strong suggestions. But that our team has the ability to get input, do more analysis, and you're expecting us to come back with the recommendation. And I just want to point out. We have a team of exceptional division managers who have come together to think about how to do this project in a way that really gets results and doesn't just end up being words on the page. And it's people like Katherine Sedgewick and John Ruck who are in the room today. So I just want to make sure they understand that they have the room to do their best work and then come back to this committee.

>> Councilmember Herrera: I think Sam has that in his memo, right? We talked about that.

>> Councilmember Liccardo: I think it's not just through the paragraph 2 through 4 but anything here, if there's a better way to build this mouse trap we want to see what the best thinking that staff has.

>> Councilmember Herrera: And I think we're expecting this to come back here and have that discussion. Although this item needs to be cross referenced to council on April 17th, is that --

>> Kim Walesh: Our suggestion would be not on April 17th, this whole item economic strategy work plan with this as part of it.

>> Councilmember Herrera: And have this cross-referenced to council, is that part of your motion?

>> Councilmember Liccardo: Yes.

>> Councilmember Herrera: Before we vote on this I'm going to take the public comment. David Wall.

>> Good afternoon. I'm almost to the point of being overwhelmed with emotion, with all this gaiety in money making. This is good I'm not being mean. There's an inconsistency here that needs to be discussed. With all the housing that's being put forward either North San José part of the Hitachi project or the Almaden ranch program, the issue turns almost all these land deals are giving developers a big break. One in the traffic impact fees, that Councilmember Oliverio has rightfully championed. But above all, it's not the requirement for car parks. It's the reduction in actual garage space for the vehicles for these housing units. That's even stated in most of their documents, that they're going to rely on public street parking. This is unfortunate. Because here, we have this type of glorification going on, at the same time, the other bifurcated side of the tongue is the accolades for more residents at auto row, more people selling cars. Then the looming thing that people forget about from time to time, is the municipal regional storm drain permit all those things are integrated and they are contradictory. You should think about that. With reference to Councilmember Liccardo's memo I just want to quote from page 4. Quote, we here these and many other diagnoses. But as councilmembers our authority does not extend to management or moving organizational boxes, period, close quote. Part of this innovation business is that you have to update the city charter. And I think, if we have and there's no reason for me to doubt that we don't have learned councilmembers before me, then you should be able to move those little boxes. But to do so --

>> Councilmember Herrera: Sorry your name is up. Blage Zolalich.

>> Gang, Blage Zolalich also the council memo that was put out. One I think on behalf of the association want to acknowledge kind of the improvement and the strides that staff has made. We're oftentimes the recipient of kind of what Councilmember Liccardo was talking about, the folks coming to us saying hey, I couldn't do this it was difficult for me to do this, nobody at City Hall is listening. And being limited on our own resources, I completely understand where staff is coming from. I want to acknowledge that we appreciate the strides that have been made and that you're looking to make for improvement on that. And also that both the downtown association with the BID but also with the property improvement district is one of those external partners that is here, and committed, and wanting to step up, both with positions and economic retention and recruitment through the Pbid and then also our internal staff. So kind of our reinforced commitment. The one point that I do want to make to what was being discussed in terms of priorities. Yes, not all business or retail is created equal. But I do want to make the point that especially with our downtown core, those smaller businesses are oftentimes the things that make the city unique, that make it vibrant, that make those larger companies and those driving industries want to relocate in the city. And so obviously, a little bit biased on downtown. But just to put in that plug for the importance of those relevant small businesses downtown? To have a good experience, and then for both the city and the business community, to put the message out there through social media, through the commercial brokers, to get the message out there that there have been successes and that this is a good place to do business. So we just want to reiterate those two points. Thank you.

>> Councilmember Herrera: Thank you. Any other comments? I did have one more. In terms of while we're looking at this, because I'm looking at this as getting input and as a process. Not us telling you exactly how to do things here, even though memo has some of this. I'm cures needing more support online or finding maybe some different ways to help get them some resources that lower the cost of that. So just different ways of looking at our service so that we can accommodate some of these smaller businesses.

>> Joe Horwedel: Right. So as you heard from Kim we are already off running getting the division managers together from all the different parts of development services, focused around how we do a better job with our service delivery. And part of that is going to be is looking at our different customer groups. Because as you heard from both Blage and Councilmember Liccardo, the dynamics downtown and how we do building improvements there is very different than doing it out at a mall. You know where you have a single management company you've got newer facilities, it's a really different world. And so one of those things is the building official and I have been talking about, is there a different way about how we deliver that service that is more custom tailored to what's going on with downtown and some of the challenges we have getting grease interceptors in for a new restaurant and new building services and stuff like that. We are looking at other parts of our businesses, in the world of building it's unique than the rest of the partners, most of the business is single family remodel. And so from a total volume standpoint, number of permits, just rewrote some water heaters and small additions and that sort of stuff. Is there some different structure about how we organize our staffing that is really focused on that their core business is doing single family you know remodel types things and I've got inspectors and plan checkers that that's all they do. So we are looking at that. But when I talked about that there are some consequences from budgeting, we run today in a -- I have 9,000 inspections, 10,000 inspections for the month and I've got X amount of inspectors, and we just divvy it out as a way to keep our staffing down. But that's partly of the the discussion back to our customers is should our focus be to be 100% focused on keeping staffing cost down versus giving a different service model to different types of customers. How many do they value that? We've never really had that conversation. There's some things out of this I think are really powerful questions to be asking. That's why we have the division manager going off to look at our business, to say is there a different way we do that?

>> Councilmember Herrera: Sounds good, sounds like.

>> Terry Freitas Department of Public Works. Give you a perspective of a couple of things we see on the horrible. Our fee program in Public Works in the mid 2000s was about approaching \$sen million. Last year, it was about \$2.3 million. And all that was really accomplished through attrition. Attrition is not necessarily strategic. So you don't have to lay off the entire organization. You work within the confines of the way the address is occurring within the organization and you reorganize around the areas where the work is. What I see here is a tremendous

opportunity, what we see excuse me as a department is a tremendous opportunity to rebuild the organization. And what we are looking at is really two important components of that. One is through the hiring process, if we should choose to as we hire, a different focus on the qualifications for working and development services and that could mean that being the most technically competent engineer isn't necessarily the most important criteria. Perhaps it's your commitment to customer service, your ability to empathize with people, your experience in perhaps constructing the type of building that you are now inspecting. And then the other component is to rebuild properly. And that is, restructure the organization as we rebuild it, just as Joe was saying, to perhaps there's a certain inspector or engineer who does a better job with the homeowners who tend to need a little bit more help and perhaps there are people who are more technical and who are more comfortable working in hopefully there will be some, some high rises that we may be building that require a great deal of technical expertise, in some of the mechanical and electrical plumbing structural components. So I think the memo is timely and we have a tremendous opportunity in front of us and we're looking forward to taking that on with your support.

>> Councilmember Herrera: Thank you, really appreciate the spirit in which I'm hearing the staff receive this. Anything else? We have a motion on the floor. All those in favor? Aye, opposed, motion carries. And moving on to our next item, which is an update on outdoor special events.

>> Kim Walesh: The dynamic duo of our director of cultural affairs, Carey Adams H5N1 and Tammy turnipseed. hundreds of hours of staff time and you adopted a pretty comprehensive set of recommendation and we took nerve to.

>> Carey Adams Hafner, director of cultural affairs this is a set of improvements we've made aimed at controlling city service costs for outdoor special events. We also want to touch on the transition of Christmas in the park to community based model and how that transition is going. We're also going to touch briefly on changes to special events ordinances. So just for background, the office of cultural affairs is responsible for coordinating city services for outdoor special events. So in this role we serve as the intermediary constantly kind of negotiating back and forth to determine the appropriate level and preliminary of city services. Just so that events are both safe but they

are also financially feasible. We're also the key drivers of the council adopted cultural strategy, cultural connection and that strategy has a key goal and that is to foster destination quality special events. Special events are also a key goal of our economic strategy. We know that events improve the quality of place, they attract talent and businesses, and they also drive economic impact. So our first topic, and we just want to touch on these special event initiatives to find what they were and what we are doing in achieve them. As Kim mentioned in fall of 2009 council gave staff the direction to control city cost for outdoor special events and that was really in light of the economic downturn. So this launched a 20 month, comprehensive citywide effort, in which we worked very closely with our partner departments as well as event organizers and we really looked at all the city services the costs scrubbed the fees we really went through them one by one and asked, why does it cost this much? What are the factors involved, what are the modify or improve these? We are going to have Tammy actually walk us through what those specific initiatives were and how we are doing on them.

>> Thank you, Carey ah and increasing revenue generation opportunities for event organizers. And I'll provide you the overview of the notable ones for those. To control city service cost we worked with multiple departments on a set of strategies. The parking and traffic control outdoor event program in 2010 city council amended the municipal code to allow civilian parking and to perform traffic control work at special events. The purple was to offer event organizers a lower cost options for to date the PTCO program has been used by 18 events over two years. The hourly rate between the two positions is 48 for a secondary employment unit officer vs. \$33.84 for the a PTCO. Currently the office of cultural affairs, transportation staff and better promote the use of PTCOs during outdoor special events. We also reduced the fire inspector hourly rate. Rates were reduced for fire services and permits including the hourly inspector rate went from 174 to 108 per hour, that's a savings of \$66 per hour for event organizers. The festival permit went from 228 to 217 and the I temp perm permits are the two IEPs of permits most frequently used by outdoor special events. We special event fee. This allows for events such as the Amgen tour of California to be held in the City of San José without additional police cost for on-duty police staff. We to incorporate downtown core commercially zoned properties to allow multiple use of facilities for events. This reduced the fee from \$8.50 per single use to a \$1200 fee for a maximum use of three recurring events held in the downtown core. Staff continues to review ways to improve fees and restrictions related to commercially zoned parking facilities in the downtown core. Lastly the special event program is a cost recovery

program. And as staff salaries have been reduced so have the fees charged for outdoor event organizers resulting in lower cost for city staff to provide service for outdoor special events. The second initiative that we worked on was increasing revenue opportunities. For those event organizers who have entered their event area we increase the maximum gate fee threshold from \$15 to \$30 per ticket per day. Allowing the event organizers to increase their gate fee collection. Additionally the city suspended the 5% gate fee collection for gated East Coast. For background the 5% of gate fees collected by the city from events augments the festival parade and celebration grant Pam. Suspending this fee during the economic downturn and the fountain blue festival. Additionally, the parks department has expanded the number of booths allowed in Plaza de Cesar Chavez park in the park. we have identified the best practices for cost control. Staff continues to assist event organizers to plan cost efficient events such as to save money, reviewing proposed event layout to reduce the number of required permits, and department staff members work to keep costs related to events as low as possible. For example, when event staff are working an event and crowds are diminishing due to weather whatever it might be they will reduce staffing. The other thing that we will do is we'll promote the event organizers to encourage cross promotes with local restaurants and with businesses for food vending. At this time what I'll do is turn it back to Kerrie to talk about the Christmas in the park event.

>> Thank you Tammy, for Christmas in the park just several years we've been looking at alternative models for services, through PRNS and we have a nonprofit volunteer board, Christmas in the park, that Northwested the city in fundraising as well as event operations. So in 2010 we received direction from the council to develop a community based production model for this event. The Christmas in the park board stepped up, concurrent with that the city staff support industries is going really well, and we want to give you just an update on several milestones. And before I do that I just want to point out the new executive director of Christmas in the park is with us today, it's Jason Minsky, hello Jason and welcome to your new position Jayson, we're looking forward to working with you. So in addition to hiring Jayson we've done a couple of other the city didn't hire Jason, the Christmas in the park did. But in addition to that there have been several other milestones that have been hit. Last year, we developed an agreement between the city and Christmas in the park. This laid out the set of in-kind services that the city will continue to provide for the event. This includes the use of the park for free. Also the use of the warehouse which houses all of the exhibits, as well as all the miles of garland and decorations. It's a really

huge warehouse. we don't know that the event would be viable. Additionally, the agreement also set forth a set of milestones for the Christmas in the park 4 to achieve which they have done as well. Also, in February, the city did mark a significant milestone and that the staff support for the event has been transitioned out of that role. So this does mark the beginning that the production responsibility for the event will be fully community based. And over the past year, the Christmas in the park board completed a five-year business plan. New marketing and sponsorship strategies they've increased their budget successfully to and I want to also just note that if board has a very strong financial management practice. And they're also -- have a lot of strong controls. So they are very fiscally sound. They've also collaborated with the downtown association which is the producer of downtown ice as well as with giant creative services, the producer of winter wonder land to form downtown for the holidays which is a fundraising and marketing umbrella. As I mentioned a very important milestone was their hiring of a full time executive director. Also, they produced a very successful 2011 event. We had over 500,000 visitors to the downtown, this event season, this holiday event season and those visitors generated approximately \$13 million in economic activity in the city. \$660,000 of those came back to the city in terms of parking revenue, T.O.T. and sales tax. Going forward, our next phase will be continued support of the board and their new executive director. Continue to provide these in-kind services and then also, per the mayor's March budget message we'll be working with the nonprofit to develop a special one time transition grant. Okay, moving to the next topic, our final one. Special event ordinances. We just want to let you know that we are in the process of working with the city attorney's office that to update and approve the ordinances that govern the permitting of outdoor special events. We will be consolidating several ordinances into one. paseos and plazas. This work effort was identified as a priority by the council in February. So we're anticipating bringing these recommended revisions back to you in about three months. And finally in terms of next steps. We do recommend the continued suspension of the gate fee collection through fiscal year 13-14. And just to reiterate what Tammy had said, this will not have a negative impact on the General Fund. It doesn't create a whole new General Fund. Historically, 5% of gate fee revenue came back to the office of cultural affairs, and we redistributed it through our festival parade and celebration grant program. So the outcome of continuing to suspend it will just be reduced levels of grant funds available for that grant program. And historically, it's been about \$30,000 a year. Also, we will continue to monitor event cause costs. And we'll of we will of course want to ensure that we are promoting and practicing best practices and continue to support the industries of Christmas in the park to a community based model. And finally work with the

city attorney's office to revise and improve our ordinances with a goal of increased event activity. So that concludes our update at this time, we'll take any questions.

>> Councilmember Herrera: Thank you, Kerrie and Tammy and welcome Jason, do my colleagues have questions? Anybody?

>> Councilmember Kalra: Thank you, a couple of things. One is, first of all, I think it's great that Jason is on board Christmas in the park and to have dedicated full time staff a board that seems to understand the limited role in terms of city resources we continue to be supportive of Christmas in the park. One thing we get so many visitors and when I talk to people that go there and I mean almost everyone I know, Christmas in the park, their family especially if they have kids they love it, it's great. But they don't always know that they can donate. It's always a struggle. And having fixed place places where you can drop money in doesn't work. Doesn't mean you get rid of them but you have to have when you go to festivals in so many other places you have to have people there with the bucket saying, please donate. I haven't seen it when I've gone. I tell you if we get volunteers to do that we will get more from contributions of people that show up, people are willing to give five, ten, 15 bucks, if everybody that went there gave a dollar, that would be fine. If you have a fraction, that would be helpful, the reality is most would give more than a dollar, will put a \$5 as they do. And so I just think that strategically, I go to a lot of these festivals, here and other places and usually they have at every entry point they will have people. We know where people are coming through and coming from, especially the main plaza area. Just a suggestion going forward if you want to try to get more resources, everyone I know everyone I've talked to say they're willing to give, more than happy to donate when they go. The other thing is I appreciate the update on the special events and kind of easing the opportunity in terms of permitting as well and I just hope, I just hope that the recognition that it's for citywide and not just in downtown. There are almost 200 square miles, a million people, Willow Glen, Alum Rock, you name it, we have so many different areas that a lot of very vibrant neighborhoods, a lot of opportunity for great local events and fairs and movie screenings what have you. I know it doesn't just apply downtown, but as long as we're cognizant of what downtown needs as we do this we don't have to come back later and say you know what, we need to tweak it for this or for that. I know we can write one policy that applies citywide.

>> Councilmember Herrera: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks. I want to thank Tammy for all of her very hard work. In convening various meetings of various departments for help us try to get over the goal line of keeping cost low for many of these events that are on such a very slim margin so thank you Tammy for all your hard work and thank you Kerry as well. I know its continues to be an ongoing challenge. I just sat down with the auditor last week and we talked about the report relating to secondary employment of police officers. The recommendation I know of the auditor is going to be that we're not capturing the full cost now of the officers that are being deployed in secondary employment which of course leaves me with great fears about what's going to happen to a lot of events. Knowing that some events promoters say, you know we have just got to stop because we can't pay for all of this. We was just held what last week in Saratoga, it would be wonderful to have you know the Persian community in the Bay Area coming to San José and downtown, for something like that. And I know that costs have been a concern for them. And so it would be great if we can continue to push and I guess the one area where I think the opportunity is, is what I kept hearing was that the PTCO officers are not being utilized as an alternative. And I don't know if it's because the process is being controlled within the police department, or if you know if there's some -- if there's some means we have from the City Manager's office to be able to say hey, wait a minute, this is a real alternative and a real source of cost savings. Do you have any insight about that?

>> You're actually right. What happens is, you get a street closure permit from the police department. So you go to the secondary employment to get your street enclosure permit. Of course as well as in certain areas, they are the preferred ones at certain locations. Because of the amount of activities at a street juncture like market and San Carlos. You have the VTA, you have lots of intersections. So there's different locations that you would like to deploy a secondary employment unit, officer versus PTCO. If majority of them not all of them sell alcohol. police officers. So what -- it is a little bit of a combination of stuff plus we don't have a marketing tool for it. So what we are trying to work with transportation right now is to talk about it, at the preevent meetings, what are your alternatives and what can we do? Currently the police secondary employment under and the ride a route for an event and they identify where you can put volunteers, where you can put parking control officers and where you

need secondary employment officers. It is a combination of things to be honest with you but we are hoping to promote this program better. Secondly, it's not a huge ratio different in the hourly cost.

>> Councilmember Liccardo: Yeah I'm surprised by that.

>> It is because of the cost recovery program. So you know so there's not a huge difference so there is that little element that you have to work on but we do have a few event organizers that have embraced the event program and to embrace it well.

>> Councilmember Liccardo: I was surprised it was only a \$12 difference. I suppose there are a lot of reasons for that. So anyway, on the Christmas in the park, welcome Jason, thank you for your willingness to lead at this time, because we know although the economy is improving, continues to be a challenge, particularly since the city support obviously although still very substantial is diminished quite a bit. I guess the one thing that has me a little nervous as Jason comes into a situation, obviously getting up to speed very quickly recognizing this transition has led us I think to pull Ed off now more or less to be reassigned, although I'm grateful he got a couple of extra months. I'm hearing conflicting numbers from different sources about how big a mountain we need to climb in order to ensure that the show can go on. And so I look forward to sitting down with Jason and hopefully we can all have a really clear sense of that because I know the downtown association, a lot of our partners are all eager to jump in and help us all get through this together. But I sense that the numbers I was hearing at one time were significantly larger than what I've heard from staff more recently. I'm not sure we're all operating on the same numbers so I hope we can all sort those out in the coming weeks.

>> Absolutely. And just to add to that, we are going to be meeting with Jason on a monthly basis just to talk him there walk him through any institutional knowledge that we can give him in terms of the operation of the event. Additionally, I know he is going to be joining other meetings such as downtown for the holidays meetings. So we'll be interacting with him at least twice a month. So we will make ourselves available to the extent possible just to make sure that this transition is a smooth one. I know Ed Bautista will as well. PRNS has

been very gracious in assuring that they see a smooth transition for Christmas in the park. They did really assure that this transition went -- was very thorough.

>> Councilmember Liccardo: Thanks.

>> Councilmember Herrera: Okay. Thank you very much, for the report. And I just had one question. If we didn't continue the suspension of this 5%, what festivals would be in jeopardy?

>> Well, I don't know, I mean, I'd be cautious to say jeopardy. Jazz festival probably, the one event that contributes the most to gate fees. And I will say that that does become a meaningful number for them. They have in the past contributed over 20,000 to this particular gate fee. So you know I think back when events were doing very well, and you wanted to really see smaller maybe multicultural events that didn't have as many resources to leverage, that was one of the policy directives that were in place. But given now that we have the economic downturn and we have our larger events that we really want to ensure are viable and sustainable, we have a little bit different perspective.

>> Kim Walesh: I think our recommendation at this point is to extend the suspension for one more period but we could also come back and then just later terminate the gate fee. We don't think it's good public policy to keep it in place. My understanding it was a compromise with PRNS a while back out of concern over gating the park. And times have just changed and the event models have changed, I'm not sure it's worth our time to continue to suspend it, and you might just decide that we should just do away with it, and not take the money and then give it back and suspend it every year, and it might not make sense.

>> Councilmember Herrera: Very important to continue for some of the major festival and jazz festival is certainly very important. Thank you for that. Jason welcome. You started to say something where we started to ask about whether you collect donations, you wanted to say something. I had something to add, are you guys thinking about special -- I know you don't have fees to enter, but is there a special program you want to offer for people who want to be special supporters of Christmas of the park, a special coupon, with special discount of

foods or special session with Santa, or they could identify themselves as special supporters of the park, basically paying a entrance fee but basically.

>> 25 fee to join Christmas in the park for that fee, you might get a nice Christmas ornament you would hang on your tree, but you would also get a membership card. Our goal with that membership card is to engage some of the city restaurants, city businesses where they could take that card and receive a five or 10% discount on dining or free dessert or' other model where somebody could actually put something easily in their wallet that we could create a lot of revenue add to the whole shop San José program, atmosphere, and extend that.

>> Councilmember Herrera: That's a great idea.

>> Does this need a motion?

>> Councilmember Herrera: It does need a motion. Let him finish his thought there. Thank you.

>> I was going to say to Councilmember Kalra's comments about asking for donations, we do have a set of volunteers we call the bucket brigade, that go to the places in the park where people enter. a little bit of concern to me so I'll definitely take that up with the board in our volunteer committee.

>> Councilmember Kalra: It is not a criticism of them. I think we just get a rush, it gets so voved crowded which is a good problem to have. Maybe identifying spots that are before those arteries. It is so hard to see those people. Maybe they're at the right spots when it come to the rough of people. Mace pa so maybe if they're a little bit -- I don't know what it is, again it's not a criticism of them. If they're there, that's great but I have a lot of people that have gone that haven't noticed and said if they had, you know when I've gone it's been supercrowded which was fantastic. I just haven't noticed, again that's my experience.

>> I appreciate that and it could be recognizing them at the opportunity. As an example, orchard supply hardware green so maybe that's something we need to look at to maybe they just stand out a little bit more.

>> Councilmember Herrera: I didn't notice them this past year so maybe the year before thank you Jason. Now we need a motion.

>> Councilmember Oliverio: Motion to approve.

>> Councilmember Herrera: Affairs? Cross reference?

>> Included.

>> Councilmember Herrera: Public comments. Just about to -- get rushed by Councilmember Oliverio here. Blage Zolalich.

>> Blage, hard G. It's okay.

>> Councilmember Herrera: Two strikes today on your name.

>> You're not the first, won't be the last, don't worry. Blage Zolalich, downtown association, couple of the same comments. I've been working with Tammy now for a really long time, 13 years and it has been a great working relationship, and so we continue to be hopeful about event policies that change and evolve as kind of the landscape downtown and in the city, changing and evolve. So just kind of two points that I would like to make, three points I would like to make in the timing of things. We are kind of fast approaching the summer event season which is you know, other than what we do for the holidays. Obviously summer is big time events around here. And so what we'd love -- what I would love to see happen is, there are a few things that are mentioned in the memo with respect to looking at sofa and San Pedro, and some kind of turnkey procedures. Also looking at private parking lots and while the reduction from an \$850 fee each time to a serious permit for \$1200 is fantastic, we need more. It's not \$1200 is still really expensive if your event budget is five or \$6,000. So we'd like to have that kind of looked at and seriously considered for elimination in the three-month time period. The other thing is

that there are some streets downtown that don't require in our opinion either PTCO officers or police officers to close them down. Capable event producers with good street and traffic equipment can do it. And we've done it before. We'd like to find a way in certain locations as appropriate to do that. So if we could look at parking lots, if we could look at street closures, if we could look at sofa and San Pedro, in kind of the three-month time period with the ordinances that you're talking about, that would be very helpful in making an even more successful summer event season down here. So thank you.

>> Councilmember Herrera: Thank you. David Wall.

>> Councilmember Kalra, grade idea, donations, long time ago I referenced we have an overage box then at the time and I still support it would be for animal control. Now you can add another box, for Christmas in the park. Use these things? I mean people will always look at it, animal control, maybe \$5, Christmas in the park, had a good idea, up the check another \$10 and it's already there, they have to pay their fees anyway. I'm a little concerned of all these estimates. Now, I know that our learned mathematicians at our office of economic development have this formula developed to where they estimate the economic impact of a certain event and that is fine, if it's accurate. But what I'm suggesting is we need more of an analytical projection than a qualitative one. With reference to the Cirque du Soleil's 20 million impact, I find that hard to believe. But then again, I'm often fooled. So I just would like more analytical look at things. And, lastly, we need to have a blue grass festival here. And some form of Memphis in may. Which is that wig huge barbecue thing they bring in. I mean hundreds of thousands of people go to these things. Blue grass festival up in San Francisco, they made a ton of money. Tens of thousands of people. And I think we need to start creating menus of new models of events. And also, this business about the gate fees, maybe you are correct, that it's seen its last days. Police are here, fire people are here, they're on salary. There needs to be a creative way, I'm not into communism. People need to get paid extra. Think about it. One last thing, we have a few council persons running for office, perhaps a tie --

>> Councilmember Herrera: Your time is up. We'll take note you're trying to start that blue grass festival. We do have a motion? We have a motion. All those in favor?

>> Councilmember Liccardo: Could I ask for just a friendly amendment? I think Blage raised some interesting questions, perhaps this could be taken under advisement by staff and perhaps offering some feedback.

>> In activating sofa district, I think everybody is aware gore park is being redesigned, pavement to plaza design that 1stAct is leading. We're going to be looking at the underlying permitting for that particular site and have it be wrapped into the permits that the OCA does as part of the paseos and plaza guidelines. So currently gore park is permitted by PRNS. We think by including it in the paseos and plazas that the OCA permits will be able to reduce the fees to event organizers significantly. So as part of what we'll be doing as part of this paseos and plazas revisions.

>> Councilmember Herrera: Okay, greating parking lot, street closures and what was the third one that Blage brought up? Third one? Three points. We can get it it's all in had this motion and you'll be sure we do this? All in favor? Messed opposed, motion carries, that concludes our meeting. Except we have open forum, David Wall.

>> Scum of points. This outside entities at some point in time, where does the equilibrium shift? In reference to Silicon Valley leadership group, 1stAct Silicon Valley or this new fangled group that comes back, called spur we also need to have on a different framework, from the leadership of the council, ways to create economic opportunities for youth. Before you know it summer's here, the unemployment rates for youth, are staggering. And I think we need to look at that. To find ways to keep these idle little hands making some money and not getting into trouble. Then, of course, I'd like to give commentary and accolade to Councilmember Liccardo, for decorum issues, gentlemen, for Councilmember Liccardo's school program. However, it needs to be built -- they can't study if they're hungry. And so the council needs to look at ways to start making sure that there's food for the kids at schools, and also, for seniors, so they don't keep showing up at rules committee asking for more money to eat. Thank you.

>> Councilmember Herrera: Thank you. And that concludes our meeting.