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>> We have enough to go forward with a quorum, thank you very much. We will review the work plan at this time and I'm going to stall for just a moment. I see Ashwini within a stride of her seat. Forgive me, Ashwini, I didn't see that you were just out. There are no items to be added, dropped, or deferred, and there's no items on the consent calendar either, so why don't we move on to reports to the committee, number one. Verbal report on the status of energy generation of the WPCP. Welcome, Carrie.

>> Good afternoon. I'm joined with Ron Nichols. Ron is the division manager leading our energy programs out at the plant.

>> So as you may recall, the plant uses both in-house power generation as well as power purchased from PG&E. In order to support the various treatment processes at the plant, we need approximately 8,000 kilowatts of power. We're getting 46% from our internal combustion engine, 35% from PG&E, and as of August, we're happy to say almost 20% from our fuel cell. So that fuel cell coming online is filling in a nice gap for us. We've been working hard to stabilize the energy systems out at the plants. In this summer, August, we engaged a firm to complete an energy management strategic plan, and that plan should take us another six months, and that will provide some long-range planning for the system. I mention the fuel cell, 1,400-kilowatt fuel cell was commissioned under a power purchase agreement, and that started this summer, we started it in June. In August we decided that was stable in providing consistent energy to the facility. Last week, we also completed the installation of about a 4,100-volt switch gear at substation number 1, and what that switch gear enables us to do is it allows our electrical staff to move loads around the facility and adequately balance power between our own systems, and that provides a lot of flexibility and stability for the system. So with that overview, I'll turn it over to Ron, who will give you a more detailed snapshot of what's going on.

>> Yeah, the process that consumes the majority of the power -- thank you. Sorry. The process that consumes the majority of the power at the plant is our primary treatment. Secondary treatment, headworks. Transmission pump stations and filtration. The power generated in-house or on site is a combination of combustion engines and recently commissioned fuel cell, as Carrie stated. To view the snapshot of the

power consumption at any given time, I have a table here that currently for the last month our internal combustion engines generated 46.61% of the power within the plant. Our fuel cell was about 20%. And then PG&E, we bought about 34% of the power. So between the fuel cell and the actual in-house I.C. engine generation, we generated over 50% of the power instead of buying from PG&E at that particular time. So our internal combustion engines, or I.C.s, they are housed in two different buildings right now, one in P & E building, and on that handout you got that I handed to you, it also shows a kind of brief description of the engines themselves. And you'll notice down on area number 4, 5, and 6, those are the three engines that are in the P&E building. All run on diesel only or combined fuels, digester gas or diesel or natural gas. But you'll notice the era they were made was 1954, 1954, and 1961, they are getting tired, but they still run and all three together run about 25 KW at the plant. So that's part of the P&E building. Building 40 is the other generators, 1, 2, and 3 on the handout. They each generate 2,500 KW. And at this particular time, engine 1 is out of service. We've got a company coming in. That should be back up some time in December. That's going to actually repair that one. Engine 2 is fully operational. Right now it's generating its full capacity. And engine 3 right now, engine generator number 3 is the one in complete overhaul. We hope to have it back in service some time in January 2013. So also with the plant, there are three large electric motors. Driven air blowers, they are electric blowers that we use to produce air throughout the plant when our secondary blower are down completely. So they are in our building known as the nigh trification building. The primary source of power is from the co-generation engines when run on natural gas. The plant also added the fuel cell as Carrie stated, the 1.4 megawatt fuel cell. That's in the picture right here as you see it right now. That recently came online and it is at full capacity using 100% digester gas at the plant. If the digester gas fails at the plant, we have natural gas. So we have a back-up source of fuel for it. This particular fixture right here is our engine number 3 that we talked about a while ago that's fully under construction right now. It's being rebuilt. We're waiting on parts from Cameron. That should be in pretty soon. This is engine number 2 in building 40 as well. It is fully operational at this particular time. That's the one we're getting the 2,500 megawatts from. This is our engine number 1. This is the old engines over in that P&E building I was talking about a while ago, the vintage 1950 models. They are antiquated a bit, but they produce the power we need throughout the plant, so with the combination of the three here, this is engine number 5. This one generates about 1,200 KW by itself. That one is not a good picture, sorry about

that. That's the engine number 2 over there at P&E. Those three combined generate 2,500 KW. That's a good picture of the overview of 2 and 3 engine right there. So they are a little bit smaller. Each one of those generates 700 KW at this particular time.

>> Okay, so that's a quick snapshot of the energy systems at the plant. I think we've made significant progress over the last couple months, certainly much work to do. Anything else to add, Ron?

>> No, right now, with the fuel cell, as I stated, it's 100% green. We use our digester gas. That helps stabilize the plant between the other I.C. engines and the fuel cell, it kind of balanced it out a little bit. At this particular time, we're only buying approximately 1,300 KW from PG&E at this time, so we greatly increased our stability at the plant.

>> I've mentioned this before, but Ron and I and Joanna decided, plant deputy director, are all very appreciative to our electrical staff. They've been working considerable overtime over the period to get these units back up and running and get everything in place. The facility is in a much better position. They'll continue to do that and we'll continue to thank them at every opportunity.

>> Thank you.

>> Thanks for everything you're doing to keep the wheels on.

>> Appreciate it, thanks.

>> Any questions?

>> Thank you, question on another topic that's in the analysis, the job movement analysis. Can you expand a little bit on that?

>> I think we'll take that up in the next agenda with the I.R. Any questions just about energy issues?

>> Nope.

>> Okay. Just to understand what the ongoing -- looking at the I.R. to understand what they max, is it right we need about 10 megawatts?

>> Pretty close to 9 to 10 to run the plant 100%. Yeah, that's under full load capacity.

>> Okay. And then I'm looking now at page 34 of the I.R., the master plan, rather, master plan document. There's a reference to a potential shortfall of 4.2 megawatts. Which seems to be the difference between the power demand and the critical power demand. Could you help me understand what the critical power demand is?

>> The actual critical power demand, as I stated a while ago, are our main processes of the plant. That is our largest point of generation. That's where we focus mostly on our power.

>> Okay, so below, roughly, 6.5 megawatts, that's something we absolutely need to have is 6.5 megawatts in order to just --

>> That's pretty much it, yeah, we have to have that to keep the water moving.

>> As we look at the capacity we have, it looks as though you believe within a matter of weeks or a month or two, we could have another 5 megawatts coming on board between engine generator 1 and engine generator 3?

>> That's correct.

>> That's hopeful.

>> If all the parts come in like they are supposed to, yeah, by January we should be in good shape. We'll have all three of the 2,500 running.

>> Great. When you say you have 34%, 35% coming from PG&E, is that natural gas?

>> No, that's actual energy, electric power.

>> So when you look at the master plan and it talks about the different forms of plan you rely on, the digester, the land fill and natural gas purchased from PG&E, all of that has to go through these generators and engines.

>> That's correct. You get the natural gas, the land fill gas, and the digester, that's correct. And the ratio is a percentage to produce the best performance out of. And our power and air staff manage that.

>> As we look through our long-term energy solutions, that may or may not change. We're looking at proven technology that will work. Historically, we've been able to run ourselves in what we would call island mode where if PG&E turns us off, we'll be able to be self sufficient. We're not there today. We're in a better position, obviously, when we can take care of our own power needs and when we look forward in selecting our next energy solution, we'll look at all the options.

>> Great. Nice to see we have a head start with the fuel cell.

>> Absolutely, thanks.

>> Any other questions or comments? All right. See if there are any comments. I don't see -- I do see.

David wall?

>> Good to see you, your Honor. First of all, I'd like to thank the committee for having this verbal report. It should be a monthly. It should be actually a written report as to the state of these engines and power generation. Also you want to make inquiries about when the gas holders went down at the plant with reference to the fuel cell. How much natural gas, PG&E natural gas, had to be purchased to power the fuel cell, and, of course, the electricity produced by the fuel cell cost the taxpayers a greater rate than what they pay for with PG&E. So that is unfortunate. The other issue with power generation coming into the plant, emphasis should be placed on specific gas and electric to come out with their helicopter. They have a helicopter with a water canon that cleans the power transmission lines as they come into the plant. This is usually done on an annual basis before the rains hit because of dust and particle matter that gets on to these lines. Because of where the plants at, fog and rain sometimes cause the lines to arc. So this has to be looked into. With reference to engines number 1 and 3, the ability to acquire these parts is very problematic and we hope that it can be installed by January. This is something that has to be monitored very closely. With engine number two, the temperature core of some of the cylinders should be looked at with a little bit more detail. Some reports that a couple of them might be running a little cold, and that is, of course, an indicator that the engine may fail. Once again, I'd like to thank our new head of electricity out there at the plant, Mr. Nichols. I think we're very fortunate to have him on the payroll. I think it is unfortunate the public has to pay the millions of dollars for contract industrial waste electricians, industrial quality electricians and what not due to sub standard planning by the office of the city manager, which definitely draws down on resources. Thank you very much.

>> Great, thank you. All right, if there are no further comments, we'll move on to item number two. I don't believe we need a motion on this. Thank you very much. The EIR for plant master plan.

>> Good afternoon. Director of environmental services. Joined today by Renee, our acting manager of sustainability and compliance and service environmental services specialist, leading much of our plant land use efforts. We're here today to provide an update on our plant master plan process, which we are happy to say is in its home stretch. As you know, three alternatives were prepared over several years with extensive

community input, and the preferred alternative was presented to PG&E and capital in April of 2011. We're back today to bring you an update on the project and with that, I'll turn it over to our project manager.

>> Council members, good afternoon. Today we're going to be covering the background overall project schedule, the environmental impact report, or EIR. Related land use highlights have been going on in the meantime, and our next steps in the formal approval process. In terms of our overall project schedule, going back to the beginning, the first community workshop was held in May of 2009. The outreach process provided lots of input into the design of the plan and balanced with the project's goals led to the preferred alternative that was presented to council in April of 2011. In our current phase, the draft EIR is going to be released for public review in early December of this year. That will be a 45-day public review period, and we're expecting final approval in June of 2013. I have some more details on the final steps later in the presentation. The importance to emphasize here of the timeline revolves around our ability to begin repairing and replacing critical plant infrastructure, kind of relating back to the previous presentation that has reached obsolescence or near obsolescence. We currently address minor routine repair, projects without it with a larger capital improvement and replacement program need to wait for the approval of the EIR. So in April 2011, council directed ESG on a preferred alternative you see before you. The preferred alternative was developed over several years and included numerous community meetings. The preferred alternative also received comment and feedback from multiple environmental groups, including Santa Clara autoBonn society and the Sierra club, among others. As designed, the alternative designs for long-range waste water treatment, still staying in the same business, protected open space and habitat restoration, regional park and nature museum, trails connecting Silicon Valley to the bay, and potential for regional economic development. We should note here that we don't expect market demand for development on buffer lands for approximately eight to ten years and critical plant projects will take precedence over that. So in terms of the process, they require mandatory analysis of alternative plans that have less impact than the proposed project. Council member and stake Holder inputs have suggested that more open space than what was contained in the preferred alternative was desirable, but there are typically tradeoffs between lessening impacts and achieving the goals of the project and there will be decisions at the time the EIR is approved. For instance, in examining fewer jobs at the project's site, the general plan requires that a viable alternative

location for those jobs be available. We did have one change in the scope to the EIR, that was for the plant's new cogent facility. As you heard before, Ron's doing his best to get things in shape right now. This is for our future power demand. The plant's electric generation system has been aging quite rapidly, and without the new facility, we are vulnerable to loss of electrical operating power in the event we're cut off from PG&E. We hope a separate process will develop for this facility and allow us to proceed with construction, even if the master plan EIR is delayed for some reason. Burrowing owls, the area already inhabited by owls on the plant land started in June of this year and is supported by existing council policy guiding the use of the buffer lands. In California, the western burrowing owl is a listed species of special concern with significant population decreases over the past several decades. So they decided to act on an interim basis with San Jose state professors to develop a management plan for the owls in addition to coordinating with California fish and game and the autoBON society. Including removing sheep and goats from the site, despite their own immense popularity, and then bringing in clean soil to create mounds and artificial burrows. We will continue to add supportive features as appropriate and maintain the height of grass and weeds so the owls can better spot predators in that area. Pictured on the lower part of the screen is one of the artificial burrow complexes. It's basically irrigation tubing with irrigation control boxes that are formed into a little owl condominium. And that's finished off with covering it up with dirt, leaving the entrances exposed. We had a recent study showing that owls prefer these artificial ones to natural burrows, so kind of interesting. Usually tops out around nine inches in height, not very big, and judging by his or her expression, doesn't enjoy being photographed very much. Next steps for approval, again, the draft EIR circulation will be coming up in September. We've been working closely with planning on this, while still maintaining the integrity of the process. By that, I mean that ESD is treated much the same way as a private party proponent and will not see a lot of the draft EIR analysis, such as impacts, until it's circulated to everybody. We anticipate the EIR adoption in June and ESD and our consultant are very committed to meeting the schedule so we can get procurement documents under way and go out for critical improvements. At the same time, a general plan amendment is anticipated following the adoption of the EIR in June and is necessary for the adoption of the land use elements. The plant master plan document will also be adopted at that time. With that, we'll take your questions.

>> Just wanted -- it's probably a trivial question, but given the destruction on the east coast, on the south San Francisco bay shoreline levy alignment, I'm assuming we're taking into account rising sea levels and, you know, associated with climate change, you know, seems like there is talk about construction of seawall, where appropriate. All that is taken into account?

>> Yes, and actually Ken leads that project for us, as well, and you'll hear more about the shoreline study and proposed plans for a levy near the plant at the December 10th joint meeting with the water district, but those plans are definitely moving forward.

>> Okay, thank you.

>> On the right item now. Job movement analysis. I understand actually what you're saying here, but I was looking for a little bit more expansion today in this hearing to talk a little about how you see this playing out or how it might play out, should we see more open spaces close to the job generating uses and how does that process go, go back to council, community input, please, play that out for me, if you don't mind. That assumes that even happens. I understand this is just for consideration.

>> Right, and I have to say I'm relieved to see laurels. Let me start with the plant perspective. Completion of the EIR just allows that development as an opportunity. There's certainly nothing that requires us to move forward on those development actions, and I believe we have at least a decade's worth of work to focus on to get the infrastructure at the water pollution control plant up and running. We're not exploring a lot of alternate uses. And we are, as Ken mentioned, working very hard to create a very robust habitat for the burrowing owls and other species. If you can talk about the planning perspective.

>> Thank you. As was mentioned in the presentation, we are looking at a variety of land use alternatives as part of the environmental impact report, knowing that some type of general plan amendment will likely be before the city council, so we wanted to give you the full benefit of the analysis in making the selection of the land use alternative. So in the event the council were to choose more of a preservation type of approach for

the buffer land, then we would have done the analysis to relocate the jobs off of the buffer lands or some of those jobs to other appropriate locations within the city. So when the EIR is out and circulating and is available for public comment, all of that analysis will be available for the public and will be available for public comment as well during the circulation period.

>> So when you talk about redistributing those jobs throughout the city as opposed to on that site, and that would be covered under the general plan update that we did or covered under the EIR?

>> It would be covered under this new environmental impact report.

>> And how would the general plan update look at that, does that have any different view of where those jobs were placed?

>> Again, it is a jobs-first general plan. Envision 2040 is trying to focus growth in the right places, transit corridors, B.A.R.T. stations, et cetera. Those are the first places we'd look. We are finding there may be more capacity for jobs than we initially thought, so it's very kind of a dynamic general plan, but I think so long as we're true to the principles of maintaining that job growth within our city, we should be able to meet many different objectives that the city council has. The alternative, the preferred alternative, does have a significant economic development component, so we'll also analyze the retention of the jobs at the buffer lands in the event that's the preferred choice by the council when it approves the general plan change.

>> Actually, both coincide, 2040, so the master plan and general plan update. I think that's a great complement to each other. Also looking at the flexibility to allow for a redistribution or additional open space or environmental preserve is a good concept to hold in our back pockets, so I appreciate you taking that approach. Thank you.

>> Okay, yeah, I just wanted to follow up on Don's comments. I agree very much with the sentiments. I know I've expressed those before. It seems to me, this doesn't need to be an either/or. We have policies in

place now in the urban reserve. We all recognize today the use isn't there for the land and seems to me we could -- and I know this is a decision we'd be making in the middle of 2013, but we could make the decision for now the land is protected from development and in ten years, we can revisit it when after all we're revisiting this plan every five years anyway, as I understand it. So it just seems to me that it should be -- I understand we need to clear that environmental, and that's why we're going with the EIR process, but there's no need for us to force a choice, particularly when we don't know what the choice is really at this point. We don't have any proposals for any job creation there imminently, to my knowledge. Am I mistaken about that?

>> From a policy standpoint, we could also set established guidelines around what triggers would need to occur before we revisited development. We could come up with lots of policy options, but right now our intent, as I said, is not to take action on really anything, so it does afford us a little bit of time. It's also not that people are knocking down our door asking to buy land either.

>> Yeah, I think Cisco is looking to unload, what, 75 acres up there. There's plenty of land still to build on before we have to touch this. I'd hate to see us get in there prematurely and decide this is land suitable for development. I guess just to put a fine point on that, two issues that came up, I think, in the master plan, one is just the extraordinary change in assumptions that we went through over the last couple of decades in terms of managing just the quantity of water flow, for instance, from where it was 20 years ago to where it is today. We're now expecting or managing about half as much water flow in terms of waste water than what we expected back in, I guess, what, 1968 when we had the original plan. Clearly, lots changes. A lot of changes to these assumptions can really impact how we decide what to use this site for and how we manage our needs there. I guess the second point that comes up in the master plan, I'm focused on pages 6 to 8, is the fact that our original plan designers never anticipated the proximity to development when think about the issues we're grappling with today. Carrie is smiling because she's been through the ringer on that. Of course, not. There's no other issues. The fact is seeing the development is there, you're never going to get rid of it. I'm really reluctant to open that door, and I hope that what emerges through this process in June is a position that enables us to have the flexibility to be able to say we're keeping the door closed now, and

when that really extraordinary opportunity comes up, then some future council can consider that. Anyway, thank you very much for the presentation. Any additional comments or questions? All right, we have one member of the public that would like to speak. David wall?

>> Thank you. The master plan has been and continues to be one of the greatest atrocities of the Reid administration with reference to the amount of money spent when one would use that money to rebuild the plant. Buffer regions around that area of the plant are there for a reason. The plant is a very unique operation. On page 2 of the plant master plan update, number five, quote, "the plant's electrical equipment has become increasingly outdated and unreliable and at a more rapid pace than anticipated." That is basically massaging an untruth. The plant's engines have been so out of date for so long that they could have collapsed at any point in history. One other line, "the project would include the construction of a new building to house three gas turbines." I'll just paraphrase the rest of it. I'm of concern you'd put, like the old days, put your assets under one roof. I would say that each one of these 4.6 megawatt gas turbines should have their own building. If there was a fire, an explosion, terrorist attack, you would lose all three of your engines, conceivably, in one fell swoop. Buildings are very cheap these days. They are pre-fab concrete, they go up rapidly, and I would suggest these 4.6 megawatt gas turbine engines should have their own bunker, so to speak. In addition, if you would go out and look at fire station number 30, they've raised the elevation of the building such, and I would also recommend that the elevation of the foundation of the building to house each generator should also be raised. Thank you very much.

>> Thank you, Mr. Wall. All right, this item does not appear to require -- I guess we just accept the report? Okay. Move to accept the report.

>> Second.

>> All in favor? None opposed. That passes unanimously. Thank you very much. All right, we'll take on the legislative guiding principles. Welcome, Betsy.

>> Thank you, Mr. Chair, members of the committee. Director of intergovernmental relations. It's that time of year again where I'm visiting all the council committees with relevant legislative guiding principles. The document, as I've mentioned in the past, serves as the foundation for the internal review and analysis for proposed legislation, state, federal level, and other issues prior to taking recommended positions to the city council for direction. And then providing the direction for our advocacy efforts in Sacramento, Washington, D.C. There are not a whole lot of edits or changes to the document this year. A lot has been updated throughout the past, I'd say, five years. I did want to make one comment. Council member Liccardo, at the last meeting we were at, you talked about congestion management for the airport. I didn't have this memo in front of me, and I would like to point out on page 2 under item 113, that did get updated and will be getting into the document.

>> Thank you for including that.

>> Staff is here to answer any questions that you might have. An example of some things that were dropped, for instance, the passenger of AB-57, which gave the city permanent seat on MPC is no longer a priority of the city, thankfully. It was taken care of with the help of our delegation, of course, assembly member Tim bell and others also were quite active in that legislation. I'm here to answer any questions.

>> Thank you, Betsy. Questions or comments? Council member Campos.

>> Thank you, Betsy. First of all, the legislation that seemed to have a little bit of will but kept dying in Sacramento on bringing down the 2/3, how do you see that playing out this next session?

>> Well, it's difficult to predict, especially in light of not knowing what tomorrow's outcome is going to be at the state and federal level with the number of major elections taking place. It got farther, I should say, than I thought it would. This is in reference to ACA-23, which I know our director of transportation is also very familiar with and an advocate on. It got farther than I expected, but, again, ask me maybe in a week or two. The legislation will be back in session for swearing in the first week of December. We'll start seeing how

things play out. I think this is elevated with a number of interested groups than it had in two years prior or four years prior, but we shall see. We certainly would like to see this move forward. We'll again, obviously, be advocating on that issue strongly.

>> And then my last one on section 7, support efforts to keep San Jose safe, number 11, urging the FDA to remove marijuana from schedule one of the controlled substance act of 1970. That's an effort to get them to decide once and for all are you going to consider it a medicine so that can be regulated for us to all follow the federal law.

>> Yes, council member Liccardo, of course, was very familiar with this. He was the one that asked for this to be included, which the council supported. It's an attempt at the local and national level, we'll see, to have that happen.

>> What's it look like? It's hard to gauge the whole country.

>> It's very difficult to gauge, especially on this issue, especially, again, not knowing how the outcome tomorrow or in weeks to come may play out.

>> Thank you.

>> Council member Rocha.

>> Thank you. You mention this is your annual check-in with all the committees. As far as the next step once you've checked in with the committees, any recommendations, changes, or none would go to council as a whole or each individual report?

>> What I do is summarize the activities in my cover memo as well as state, federal, as best we can tell for 2013 with this document and specific legislative priorities you'll see as well attached. We're working now to

the council member's point on ACA-23, looking at specific legislative activities. But this will be brought forward to the full council.

>> What time of year is that?

>> It will be December 5th or December the next Wednesday.

>> You'll have the overall general legislative guiding principles, but then you'll have the supplemental that speaks to the specific legislation or specific guiding principles?

>> Specific legislation or issues that may be not legislative yet but we'd like to see legislative, and particularly funding. Funding issues and related to seeking funding for a number of our infrastructure needs.

>> Okay. I had a question about -- so on page 2 of the memo, item number one, protect local control, support a federal approval process making it easier to determine demand measures. I'm assuming this came from a need we have here for us to modify this. Can you explain a little bit what that need is?

>> Yes. Jim Webb from the airport can answer that. I ask the same question.

>> Okay.

>> Jim Webb from the airport. That particular piece is San Francisco has a lot of primarily domestic flights going in that oftentimes develop in delays.

>> Jim, I'm sorry to interrupt. It won't be picked up unless you're right in front of the mic. Feel free to grab it.

>> Not working?

>> Not working.

>> I'm sorry, afraid we'll lose you from the video. Thank you, Jim.

>> This particular principle comes from the fact that San Francisco has a number of flights, primarily domestic, more flights than it would like to have, and as a result, it gets a lot of delays because of those flights, both in terms of arrivals and departures. So the idea here is that it would be nice to have some legislation that would give airports, maybe not the sole ability, because right now it has to be the federal level, but give airports the ability to initiate a process that could result in being able to apply some sort of demand management measures to encourage the airlines to bring those planes in at a different time, or in our case, perhaps bring them in through a different airport. So that's the idea. That's how we might be able to benefit from it.

>> Okay. So this is looking at the current situation that we're experiencing right now with the amount of flights at San Francisco and compared to San Jose and Oakland, this is a result of that? Have we had discussion with the FAA conceptually on this or local legislators?

>> Not with local legislators, it's really a federal process. We've made the FAA aware of it. We haven't really pushed it, because normally San Francisco would be the one to have to take the action that would result in this demand management, and we don't want to be seen as trying to manage San Francisco's air traffic, but we talk with San Francisco and Oakland, as council member Liccardo is aware, about being able to redistribute air traffic in the bay area. There's general discussions, but no specific discussion with regards to legislation yet.

>> Okay, thank you. Just a general question about as we continue to build our legislative guiding principles document and it becomes ten pages of items, some such as promote access to affordable health care to seniors and youth. I don't disagree with any of these guiding principles, but as far as us as a council or city identifying ones where we put most of our energy and resources and time and getting them really involved in

the nitty gritty of bill legislation, bill language, et cetera, and that would be, as you presented, I believe, part of the supplemental where you see our time being spent as a city or city staff?

>> Yes, that's correct. And we do try very hard to keep this to ten pages. I have to say when I started with the city, this was 64 pages, and we worked really hard to weed this down and we are working to manage it so when we do have new items, old items perhaps out of date, no longer relevant, are removed. Yes, this is definitely the foundation. As issues come or we raise the issues and raise the advocacy, that we have this here in place to help guide us. It's a living document, I always say, subject to things we can't predict. That's why we would then return, of course, to council immediately on that specific issue.

>> As far as your experience with working to see specific legislation, how involved have we been in some cases in the past, again, based on your experience? Have we gotten to a point where we've written a bill language, generally speaking, and worked with our legislators to do that? And have we done that enhanced level of engagement recently, and could you give me an example?

>> I think 8057 is a perfect example of having the city have a permanent feed. Every year there's four or five we either sponsor, help write, or help logistically do the advocacy wish with working with the city's attorney's office where we have a city-sponsored bill.

>> Using affordable housing as an example, we get to council and the supplemental comes out from the staff, the council also has an opportunity to weigh in on where we'd like to see enhanced attention spent or even direct legislation that we would like to see specific in terms of outcomes, that's something we could engage in at that point?

>> Absolutely.

>> Thank you.

>> Okay. Betsy, thank you. I just had two questions or concerns. First, thanks for the new language around land management. I think that's great. The new transportation funding mechanisms that are contemplated if you look at item 14 under Roman numeral four pertaining and pursuing state funding, reads facilitate funding mechanisms for gas tax revenues. And I'm hoping this language doesn't preclude us from advocating increased gas taxes. I know it's been a dead issue in the past, but I'm thinking as we're approaching the fiscal cliff, there could be more things on the table than there were before. I'd hate to think anyone would feel constrained by this language in thinking they had to find a new funding mechanism rather than simply pushing for an increase of the old.

>> Good question. I'll defer to director of transportation.

>> Mr. Chair, again, director of transportation. Yeah, I think absolutely if there's any theme that we have in terms of our legislating and guiding principles and transportation is any way that we can increase investment is part of our priority, so whether it's, as council member Campos mentioned, it's lowering the two-thirds threshold so it's easier to get voter approval or increasing gas taxes, I think we put this one in here just to purposely acknowledge the fact that because vehicles are becoming more fuel efficient and we are wanting to convert to different types of power sources like electricity, that we're facing an issue that the funding base for transportation from the gas tax is shrinking. So however we can offset that, either by indexing or raising it or finding other alternatives from pricing and tolling, what have you, I think whatever we can get, we're happy to try to support. So clearly, increasing gas taxes is part of the menu.

>> Okay, great. The following item, item 18, it says seek legislation funding opportunity to market mechanisms, such as the cap and trade program. It seems to me the fight really is going to be over cap and trade revenues over the next year. Am I wrong about that? Seems to be the only money left in town.

>> Correct.

>> I wonder if -- I know we're trying to take as inclusive a view of the world as possible, but I wonder if it wouldn't better serve us to be specific about the fact we want cap and trade revenue to go to X, Y, and Z. I know there are talks about that everywhere else, but it seems to me that maybe we ought to pick a horse to ride and really ride it, because our ability to organize and get in with the folks that seem to have similar interests in outcomes and doing that now before things get really hot, which seem to be beneficial to us.

>> We would agree, and as your comments -- six months ago we had a report framing up the cap and trade issue and what we saw as a potential opportunity, so some of the direction from this council was to develop alliances with others that have a shared interest, and I believe later this month we have a meeting with many folks in city senior staff with Silicon Valley leadership group to develop sort of a joint strategy on how to approach the cap and trade. I expect we'd be coming back to this city and council as we frame that up and get some tight policy direction, as you said, to which horse we want to ride in terms of our advocacy.

>> Thanks. There's one member of the public that would like to speak, David wall.

>> I'd like to thank you, council member Liccardo, for bringing up cap and trade. Fiscal year 2015 is when the energy sector of cap and trade kicks in. Since it looks like we're going back to medieval times with alliances, with warlords because the state resource is controlling this and has no guidelines. They can do whatever they want to do. You were very prudent to bring this type of discussion to the forefront. Council member Campos, I'd like to thank you for trying to make San Jose a little safer with the FDA and marijuana, however, it would be more prudent to bring in immigration customs enforcement with military police units to eradicate the Mexican drug gangs that are prevalent throughout the city and are responsible for most of the murders that have been occurring. On the San Jose homeless populations and destination home, I think this is irrational and very immature way of looking at this project, because you have no funding to deal with this. And you haven't looked at the problems of individuals that comprise the homeless population. Some of these people, the vast majority, are mentally ill and they need to be taken care of under some form of a hospitalization program. So by issuing section 8 vouchers and utilizing inclusionary housing policy and putting an insane person in an apartment is not going to do anybody any well. Lastly, I want to thank Betsy

for all her work in reorganizing this format, and I would put some pressure on our good friends at Pat and Boggs to put out a quarterly update since they are getting a nice hefty check from the city of San Jose. Thank you all very much.

>> Okay. That concludes public comment. At this time, we need to accept the report. Is that right?

>> Motion to accept.

>> Second.

>> All in favor? Any opposed? That passes unanimously. Thank you very much.

>> Thank you.

>> Move on to item four, storm sewer and sanitary sewer annual reports. Welcome. Welcome, Dave.

>> Thanks, Mr. Chair. David Sykes, director of public works, joined by deputy director of public works. We have a brief presentation on our storm and sanitary CIP programs. I want to recognize the partnership that goes into the entire storm and sanitary systems public works role is primarily involved with the CIP capital improvement program for the storm and sanitary collection systems. Of course, you have D.O.T. that's responsible for the maintenance and operation of the collection system and then, of course, ESD, who manages the funds, manages the water shed protection program, and also the sewage treatment plant. Today's reports, as I mentioned, are focused on the CIP for the collections system. I did want to note how we did our funding for the CIP. Both storm and sanitary rely on two sources of revenue. One source is from developer contributions. These are when developers come in and connect to the system. These are very modest sources of revenue for the city, especially in these times of recent past. The primary source of revenue for the CIP comes in from the transfer of the rates that come in, so the rates that home owners and businesses pay annually to the city, for both the storm and sanitary, and those monies are distributed

between D.O.T., public works, and ESD for the programs I described earlier. We've shown this slide before. It compares the two systems. This is, once again, focused on the collections system. You'll note that the storm system is about half the size of the sanitary system. And there's a couple of reasons for that. The storm system, in many ways, relies on curb and gutter to get the water to an inlet, so you'll have many streets in the city that don't have a storm pipe in the middle of the street. We use the curb and gutter to deliver the water to the catch basin at the end of the street and then, of course, it goes into a pipe. The other reason it's about half the size is because we only need to deliver the water to the nearest stream, if you will, on the storm system. With the sanitary, we got to deliver all of that flow all the way up through town to the sewage treatment plant. The other thing that I want to kind of compare and contrast on the two systems is that with the sanitary system over the past ten years, we've invested in a master planning effort and a modeling effort, and we've got that now. I'll talk a little bit about how that's benefitting us. The storm system, we've not had benefit of that, and we've just begun that process. The council recently approved funding for that master planning and modeling process. So with regard to the storm system, these are kind of our major focus. Certainly, storm water quality is relatively a new focus for the system, and I think I've mentioned this to the committee in the past. Previous philosophy was to get that water to the creek as fast as you could. There was no treatment of it, and really we were trying to drain the basin as quickly as possible. Current philosophy is more focused on the quality of that water and trying to deliver clean water to the creek, if you will, and also deliver that water to the creek in a time that it can manage it so that we don't overwhelm the creek. Many of you were aware of the fact that recently we have invested heavily in some projects that will take trash out of the storm collection system. We call these the large trash capture devices. We did two last year as a pilot. They worked well. Installed another seven over the last summer, now we have nine in operation. This is in part to adhere to permit requirements, but also more importantly to address the issue of trying to get the trash out of the pipes before it gets to the creeks. So we'll be continuing to see how these function, and we'll probably be seeing more of this type of implementation in the future. The other focus on the storm program has been in the area of rehab. And most of our focus is addressing two things, neighborhood ponding, areas where perhaps the street doesn't have a storm drain and the street settled and we've got ponding issues. And the other area is with regard to our pump stations. In San Jose, we do benefit from the fact all the water does drain to the bay, but there are locations we need

to elevate the water or pump it over a levy, for example. So these pump stations are old and we're going methodically through the process of updating the motors in the pump stations, much to the same degree you saw in the previous presentation on the plan. With regard to sanitary, as I mentioned, we do have a model. We do have a master plan. And the benefits that we get from this are pretty significant. We are able to analyze the impacts of future development and anticipate growth. We are able to prioritize our capital improvement program to support growth and also address deficiencies in the system. In my mind, one of the coolest things that we're now able to do is really analyze, for example, development project that comes in. We may think we don't have capacity downstream, but through the model, we could evaluate what a cross connection further upstream could do for us, taking advantage of capacity elsewhere in the system, and perhaps building less infrastructure to support that development. That's something that we were never able to do in the past, and now we can do with a pretty strong degree of accuracy. Condition assessment is also very important. The model allows us to do that. We are working on projects that address old aging pipe. We've been focused in on pipes that are obviously old and pipes near creeks. A big part of this is to clean the pipe, TV the pipe, and make an assessment of its condition so we can put it in the queue for rehabbing. As far as rehabbing goes, I did want to mention that within the last year, we did a lot of rehab work on large and small systems. We replaced about 24,000 linear feet of pipe, rehabbed about 10,000 linear feet of pipe, and cleaned over 350,000 lineal feet of pipe. So a lot of progress was made in the sanitary sewer program. So I'll just end by saying that there are goals to keep up with the demand of the general plan, address backlogs in the system. Didn't talk a lot about sanitary sewer overflows. It is part of the capital program to make sure we're addressing capacity constraints or deficiencies in the pipes that may lead to overflows, and certainly the goal for both programs were very much there in the sanitary, getting close to getting there on the storm, is to be able to have both programs fully modelled and be able to put out a capital improvement program that meets all these goals.

>> Thanks, Dave.

>> Yeah.

>> Okay. Council member Herrera?

>> Thanks for the report, Dave. I just had a quick question on the spillage problems in the sanitary sewer. What percentage of the budget are we dealing with that?

>> I think I'll have Kevin come up.

>> Maybe a comparison of now versus is it getting better, worse.

>> Also ask Kevin to kind of tell us what causes the sanitary overflow, is there blockages, deficiencies in the system, capacity constraints.

>> Good afternoon, Kevin O'Connor, deputy director of transportation. Our department maintains the sewer system. Just a little bit of context, we have about 200 or so sanitary sewer overflows every year. About half of those are directly caused by grease accumulation in the system. About a quarter of them are caused by root growth in the pipes and various things like structural deficiencies that public works would address through rehabs or repairs. We've been holding fairly steady with that number. We are implementing several strategies, including the work that public works is doing to reduce that number. Reforming the way we clean pipes, implementing a root control program, so I'm really expecting us to begin to see a decline in the number of SSOs. Certainly, over the recent years, we've focused primarily on making sure we respond quickly when there's an SSO, reduce the impact and the severity of the spill and properly report that information to the state. So that's been our first course of business. We've been very successful in doing that. So I think we're in a good position on a maintenance standpoint to begin seeing an impact on the number of SSOs.

>> I've heard really good feedback on the response to residents when you have the issue. I guess I was trying to understand the percentage of the budget used for this, because this is part of a bigger budget that

you're using to improve the system, right? So what percentage is being used to service the flows versus the rest of it?

>> So D.O.T. receives about \$13 million to \$15 million a year for our maintenance program. All of our resources in D.O.T. are focused on dealing and reducing SSOs, whether pump station maintenance, local sewer repair, line cleaning, video inspection that we do, all of that funding is really has a singular purpose, and that is to eliminate and reduce a number of SSOs. Public works, on the other hand, a lot of their capital funding and maybe Mike or Dave can talk about the amount of funding that you dedicate toward SSO reduction and rehab.

>> What I'm trying to understand is do we have enough money to get ahead of it and really solve, you know, the problem in terms of making sure it doesn't happen or are we spending our money trying to keep up with the emergency side of it? I just wanted to get a sense of that.

>> Right, let me just kind of round out what Kevin told you. The transfer that comes to the CIP part of the storm is averaging about \$5 million a year, so it's pretty modest. Mike's mentioning to me that about 40% of that goes into rehab. Okay. So, you know, there's only a small percent of the dollars -- sorry, let me back up. Only a small percent of the spills are a result of the deficiency in the system. Most of them are a result of blockages. Fats, oils, and grease, and root intrusion. The key to resolve that is eliminate the blockages. A lot of sewer cleaning, education, removal of tree limbs. As far as the CIP, there's only so much we can do in making sure we know the system is in good shape, but most of the effort is going to have to be on the maintenance side.

>> I would like to add that there's a weekly SSO meeting between D.O.T. and public works, and those SSO pipes, once we respond, then we videotape the pipe and do engineering analysis, if there's an engineering problem with the pipe. Also you'll notice this year in this CIP, there's a line item called cast iron pipe removal. Those were the smallest diameter pipes, also the most shallow, it has to be a shallow sewer. They get damaged by other utilities by accident because they are so shallow, and because they are cast

iron, they tend to coRODE in a blistering manner. We'd like to get the cast iron out of the system as fast as possible. The replacement is duct iron and the pipe itself is lined with ceramic. It's slick and won't corrode.

>> Even though cast iron is small, small percentage of the system, in terms of trouble, it was all the data pointed to let's remove that cast iron.

>> Very good. One of those 20/80 kind of things? Thank you.

>> One more question, thank you.

>> As we move to some portions in the city of San Jose, more curious question, are they part of the same system or separate? You talked about how we catch for the storm in curb and gutter and I wonder how this all fits together.

>> County sanitation district 23 has been managed by a private engineering firm for the County for a number of years. That same firm also manages the sanitary districts. They've had a very stable staff working on those systems. The staff themselves are very knowledgeable on the condition of those systems. Those systems are turned over to D.O.T. operations and maintenance. The gap I see are expectations of a resident recently annexed. Shortly there will be pipes on their street. That's not always the case because of the topography or because of the need. On a formal basis, our staff in the storm engineering group circulate through the town, especially on rainy days, looking for these troubling nuisance. We get the download, the annexations and G to the area. We have annexation projects and we're trying to get rid of the biggest puddles first.

>> You spoke about sewer and storm, I guess, and the puddling discussion was more on storm side.

>> The sewers in 23 are already in our system already, we know where they are. In fact, we've gone to the engineering firm and recommended they do a capacity project in their own district, just because our model

reflects they need to do that to our system. As all those systems come over to our group, they are already in our model and we'll focus even more on them.

>> I think it's fair to say, I noticed annexed areas the sanitary system is less deficient than the storm system. We're seeing more deficient storm system in the annexed areas.

>> Thank you.

>> Council member Campos?

>> Thank you, continuing on that, are you guys planning on even going through and, you know, putting a dollar amount as to what it would cost so that when things turn around when we can go in and put in gutters and curbs where they don't exist right now, maybe we can do it in the future. Have you planned on doing that?

>> The master plans that we've already completed for sanitary did just that, they come up with a conceptual list of projects and standard estimating tools, put a value on those projects, and we'll do the same for the storm master plan. In fact, one of the key pieces on the storm master plan, we want to know the cost of what it would take to outfit our most important storm pump stations with reliable back-up generators. Not all have that. That's one of the questions we want answered in the master plan.

>> I think I'll just add is that as you know, annual we come forward with the backlog report. We've been unable to even report a backlog number for the storm collection system because we've not had benefit of this master planning effort, so we do appreciate that funding, and as Mike was saying, through that process, we'll get to be able to understand what are the needs and then how do we start programming and, of course, the whole process of looking at rates and everything else that would go along with that.

>> Again, using Lindell as an example, you know, when it puddles, because there are no sidewalks, you know, when it's dry, it's dirt. Kids will walk on the dirt, walk into school, but when it puddles, they are forced to walk in the middle of the street. That's something that, you know, if it's not -- if that area hasn't been considered or isn't in the process of being considered, you need to take a look at that. I realize it's a newly annexed area, but we're taking the responsibility of annexing them, so we should look at trying to bring them up to standard.

>> Yes, of course.

>> Can I inquire about -- I know the annexation is a long dreadful tale, but is the County on the hook to help us pay for some of the improvements in the annexed areas?

>> I believe the way the annexations worked with regard to the storm and sanitary, I'm not aware of funding coming from the city to that. In some ways, we took those improvements as is.

>> On the subject, I appreciate looking at the program activity, pages 5 and 6. There are a lot of projects under way, I think you probably know, as I'm sure this is true in council member Campos's district too, tends to be in neighborhoods that are -- where you have a lot of kids, often low-income neighborhoods, so there's a lot of kids and families out there walking. And lacking, of course, sidewalks and gutters and everything else we need for storm water system. I notice we're using some of the funding for sidewalks. Is that -- can we consistently rely on the storm water, I just heard you say it's grant money.

>> There's a line we have to walk. A lot of these projects we are able to marry up storm money and grant money to kind of complete the street, if you will. We've been attempting to make the argument that storm water can be used for curb and gutter. I think some would challenge us on that. To use it for sidewalk, I think, goes beyond that limit. So we're often looking for other sources of money to marry it up and make a complete project.

>> In terms of finding pedestrian money through back process, we're able to match some money for gutter and be able to do it all at once, would those projects be the one to get priority?

>> I think in some cases. Typically, when you have a street that doesn't have sidewalk, doesn't have curb and gutter, often some of the other KBRUCHLTs in the street are also deficient, like the pipe in the street, so we do have to get pretty creative to put the funding together to complete that street, but it does, yes, in some cases, make it a higher priority, if you will, in the program.

>> Okay. Then on that last subject of the restrictions of the money, I'll say this quickly so Kevin doesn't jump in and interrupt me, favorite subject of mine, the signage for street cleaning and street sweeping. My understanding was we didn't actually get over the hurdle of being able to use storm water funding to be able to install signage because of the recognized improvement we'd have in reducing the debris in our storm water. I didn't see you mention that in the report, and I'm wondering are we still using that funding?

>> Yes, we are funding an additional 40 miles or so this year through the storm funding.

>> That's in 469?

>> 446.

>> 446, I got you. Great.

>> I'll just say that to me that's one of the reasons this master plan for the storm is so critical. I talked about the old way of thinking, get the water to the creek as fast as possible, you know, with a plan that talks about the other attributes of what the storm system is supposed to be doing, I think we're able in some ways to free up the money despite just putting a pipe in the street.

>> Thank you. I really appreciate your continued use of every means possible and being able to move the water and clean the water efficiently. Okay, we have one member of the comment who would like to speak, David wall.

>> I'd like to thank public works, D.O.T., for their outstanding efforts regarding the sanitary sewer and storm sewer. I would focus in on standardization of the pump stations in the near future, the transmission stations, the lift stations. With reference to oil and grease, this could be resolved if you had a more reliable source control program for trunk-line monitoring, finding out when these grease events occur and going after the offenders. With reference to strict adherence to proposition 218 that governs the sewer service and use charge and the storm sewer service charge, it should be an item for a council study session for this will be the last public meeting that I'm going to give notice, that I'm going to intend to sue in federal district court under the guidelines of proposition 218, but there's been too much creative usage of these funds. And we'll leave it at that for now. I think that public works and D.O.T. has done an outstanding job in maintaining a revenue system that they've been getting shortchanged for years. And that's why this study session is so important, because environmental services department or the water pollution control plant, if you will, has been the lion receiver of these funds, with reference to the sewer service and use charge. There's a lot of work to be done, too, in reference to the sanitary district and west valley sanitation district, with their contributions to the systems, if any. That will be a matter for discussion at a later time period. Rest assured, proposition 218 business is real. The audit by our city auditor, with reference to the environmental services department, pointed out glaring mismanagement of the two funds mentioned previously.

>> Thank you, Mr. Wall. We'll entertain a motion to accept the report at this time.

>> Second.

>> All in favor? Opposed? That passes unanimously. Thank you, gentlemen.

>> Thank you.

>> Final item on the agenda is the automated transit network feasibility report. Welcome.

>> Mr. Chair, members of the committee, director of transportation, and joining me is Laura and Henry. Also like to acknowledge David moss, who is also here, one of our partners in developing this study together with the V.T.A. Over the past couple of years, we've provided to you reports on the topic of San Jose's interest in pursuing a new form of transit technology that we call automated transit network. Other referring is pod cars. Last spring we had an update report to you in terms of the general direction of the study, the feasibility study, that we've been working on the last couple of years. Generally, the conclusion is that we don't believe that we have an actual project that's viable in the near term at the airport, so there's a little bit of disappointment in that, but on the positive side, we see a great potential in this new technology, and so what we are proposing in terms of the role that we take, particularly in the near term, is the advocates for development, which is doing some incredible things. Europe and Asia, this has really taken root. One of the roles we can play is be a catalyst for this technology and this industry and try to have it take root here in San Jose and Silicon Valley to be sort of players in sort of the international scene and the look of this technology. So I want to give you just a quick highlight of where we're at. You've seen much of this before, so first slide, this sort of reflects kind of the origin of our efforts here. In 2000, the voters in Santa Clara County approved to have a sales tax primarily to fund bringing B.A.R.T. to San Jose, but there were a number of other projects listed. One is consideration of a transit connection serving the net of San Jose international airport, connecting directly with light rail on first street at the bottom of the slide, as well as Cal-train and the future B.A.R.T. extension that's up at the top of the slide. So there had been some work by the BTA in working at this. Yeah, there's an animation here where we were looking at a more traditional airport people mover systems, such as what you see if you go to Dallas or San Francisco. There's a picture of the system in San Francisco, so we looked at that, which is a conventional technology that would shuttle people from one location in the airport to the two transit connections. And one of the conclusions was that this was a fairly expensive project and wasn't something that was affordable in the near term. After the city council approved the green vision in 2007, that became a magnet for others really across the world to come to San Jose and say that if we want to be leaders in terms of green mobility and the environment and innovative solutions,

they suggested we take a look at automated transit networks. And they exposed us to some of the things going on in other parts of the world and actually even in this country. So this slide here shows some of the systems that are up and running now or under development. The actual first ATN system was done in the United States at Morgantown, West Virginia, at the University of West Virginia. A system was built in the '70s, leading the world and still in operations today. I've had a chance to ride on it, and it is quite a remarkable system, and they are receiving federal funds to update and modernize it. But since then, there really wasn't any activity in this area until the recent past, where two key projects are now up and running. Notably, the bottom left is the system at Heathrow airport. It's developed by a British firm, ultra, and the one in the upper right, which is developed by a Dutch system to get there, and they have a system up and running in the Middle East. These two projects generated a significant amount of renewed interest in this technology. And another project that is now under construction that is sponsored between a joint venture between a Swedish firm and south Korean firm is the one on the bottom right, which is now under construction, will serve as access to a national park in south Korea. So with this level of activity, we became interested in looking at the potential in San Jose, particularly around the measure A project at the airport. I wanted to highlight another exciting project. We have a video on this one and we thought this would help demonstrate what this technology is able to do. This is a project that's in development in India. This is a project that is looking to serve a Sikh pilgrimage site. They are challenged with moving about 100,000 visitors a day coming from this temple from a railway station and bus depot located on the other side of an old historic town. And they've decided the best way to serve folks wanting to visit the golden temple is using the ATN technology. So we have a video here. This is also an ultra system, similar to the one at Heathrow, that shows how this is being deployed. \MMMMMMMM

>> So that gives you an overview of how they operate again. They essentially operate as horizontal elevators, and they are -- they are essentially waiting for you when you need them, so they are an on-demand system, and you're able to direct them to go nonstop to your destination, so unlike other transits that sort of move in a loop or a line and you stop at every station, this is able to use smaller cars and more directive service. So that's one of the appealing parts of this technology. So the project that we looked at at the airport is one that connects light rail to Caltrain and serves multiple locations within the airport, the two

terminals, rental car parking facilities, as well as a number of station stops within the surface parking lot. And so in evaluating this, what we found in terms of our conclusions, which are on the next slide, is that overall, our findings with this is that this offers a very high-quality transportation service compared to sort of the existing services at the airport with the bus shuttles, the ability to go directly to where you want to go as a great appeal in terms of passenger convenience. The capital cost of this system, which is actually much more significant than what was originally looked at, which just had three station stops between light rail, one stop at the airport, and Caltrain, this has ten stops within the airport, but because of the smaller infrastructure and vehicle sizes, it could be delivered essentially a better service for a less cost than what was contemplated with the larger EPM system. It is, though, very expensive, so the numbers that we're looking at in terms of one-time capital cost, assuming this is a new technology, so there are when you're the first in doing this, there are usually some higher costs associated with it, but we are looking at a project, you know, in the range of half a billion to a billion dollars to put a project like this in place, so that brings up one of the questions is where do you get the capital money for this kind of investment. We looked at business case for this in terms of what the operating costs are and the findings are, that it is very comparable to the operating costs of a shuttle system that actually has a driver, and so you do -- you don't have the labor costs associated with a driver for every vehicle, you do have a number of other operating costs associated with it. It's not, you know, a huge savings, but we found that it was relatively comparable. The biggest challenges, though, that really prevent us from going forward with this is that there are mostly institutional. From a funding perspective, there aren't capital dollars available in this country to make these kinds of investments under the current funding environment. We don't have an established regulatory process in place to deal with this kind of technology, so there are a lot of things you need to do to really develop the industry to put a system into public use. One of the challenges, a couple of the challenges we had, is that the project we're proposing at the airport with about ten stations, and it would require about 200 vehicles to adequately serve it, is it a level of complexity significantly beyond the systems that are currently in operations within the world. So how do you manage people that are moving between high-demand stations in a small vehicle environment, that there hasn't really been enough study or analysis of what these stations look like and how you process people efficiently. The video we just showed, though, is really moving this to a scale at the level of complexity that we're looking at at our airport, so it will be interesting to see how the project develops

and works. There were some things that they are now showing us in terms of how they manage lots of people, and that information wasn't available to us at the time we were doing the study. I think the other thing that's interesting is that we're working in an environment in an industry where they are very competitive with each other, and they hold, you know, their innovations close to the vest because they are competing for doing projects. And so it's a little bit difficult to evaluate between vendors what they can do when a lot of the work that they are doing is somewhat confidential or secretive. So that's, you know, part of the challenges that we're facing in working in this area where it's an innovative industry that's developing very quickly. As I mentioned, what we see as the next steps are not to go boldly forward with a specific San Jose project, but are oriented more towards working to develop and advance the industry and to create a San Jose in Silicon Valley as a place that can then participate in what appears to be an emerging international industry. So one of the things that we want to do is, and we've already done, is share the findings of our report. And the focus that we've taken is not just, oh, how do we apply this to San Jose, but the team that we selected to do this report was really focused on where is the industry at and what is it going to take to be able to develop the technology where it is today into a transportation service and industry that can be more useful in the future. And so the work that we've done has been very significant and well received by the industry in really setting targets and benchmarks in terms of how the industry can evolve and focus on the areas that need some more work and improvement. We have developed a lot of contacts with the work that we've done at this project, and we've developed interest within U.S. department of transportation to continue to explore this. Sweden, as a country, has been one of the leading places in the world and there's actually now in place a partnership agreement, memorandum of cooperation, between U.S. D.O.T. and Sweden on the broader issue of sustainable transportation in which ATN systems is a particular component of that agreement. So we're very sort of excited about the opportunity at an international level to take the resources and interest in U.S. and Sweden and try to develop this. One of the incentives that Sweden has is that they've lost a lot of their automotive industry with VULVO and SAAB, so they've looked at this as a replacement industry for their economic interests. A transportation institute, one of our nationally leading institutes in terms of transportation and transit policy, and they've taken an active interest in this topic. Negotiating a partnership with Swedish University to continue U.S. and Sweden interests in terms of education and development in this area. There is an international institute for sustainable transportation and

they sponsor an annual pod car conference. It's a conference that we hosted here three years ago, and folks that are active in that organization are generally from Sweden and from the bay area, so we are already somewhat of a hotbed for interest in this topic. One of the things that we're wanting to explore is whether there are opportunities in other parts of Silicon Valley or public/private partnerships that may be interested in this technology. And while we believe that right now we're limited in terms of public resources to invest or do a capital project, we think that there's an opportunity for private projects to look at this technology, and if you take sort of the examples of the new apple campus or expansion of Google and Facebook, those types of projects where you've got companies with money may be interested in a showcase project where they could demonstrate these kinds of technologies as a shuttle sort of within their campus or a connection to a nearby transit stop. And so we'd like to explore with other cities and companies the potential interest in this technology. We have at San Jose state, there's a mechanical engineering class that is doing a particular project around developing ATN, and so that is very exciting. There's interest in a new generation of folks and students in looking at this. Just to round out the bullets here, we are interested in addressing the issue of the regulatory environment, or lack thereof, in trying to introduce the California PUC to this technology and seeing if we can make some advances in terms of how this can be considered or supported in California. And lastly, while we were somewhat limited in terms of our focus on a San Jose ATN project based on the funding we received for a project around the airport, ultimately we believe there is a more compelling project in San Jose for this technology, and that would be what we're showing on this next slide, is a direct connector between the downtown station, where we'll have Caltrain and high-speed rail and B.A.R.T. and light rail and BRT services. There is an interest to have easy connection to the airport from that transit hub, and so from a business case perspective in terms of ridership and revenue, fare box recovery perspective, we think the connection from the airport to transit is more strong, oriented towards the downtown station than some of the ones that are adjacent to the airport. So we would like to look at, and we've been in discussions with the California high-speed rail authority, to look at with high-speed rail, how do you connect to the airport in considering this technology as an opportunity for that, and so we'd like to look at what we have in green as kind of a core system with the ability that it could scale and expand to cover other locations in downtown, San Jose, around the airport, our new soccer stadium, and then connection into Santa Clara. So this is what we're envisioning as a potential project direction that we would take. Again, we

think our sort of best efforts in the near term are working towards helping to foster the overall industry. So that concludes our presentation. I know we were last on the agenda and wasn't sure how long your other items would go. We do have another video, at the committee's option, if you'd like to see it. It's about an animation of the project being contemplated in Sweden. I know we also have some speakers on the topic that the committee may be interested in hearing from as well or first. See if you want to do the video or not.

>> Thank you. Why don't we go to public comment first, then we can assess whether to take additional video. Thank you. I don't know if he was here or had to leave early, he indicated he would be submitting his comments by e-mail. Dennis with the last initial "M" is here. Welcome, sir, along with Robert Williams.

>> Dennis Manning, and I've come up from the Fresno area, and we had the opportunity to review the -- review the study before it was made public and contributed comments to Henry and the people working on it here in San Jose. Fresno is connected closer to this than you might think. Fresno passed over the course of the 20 years of the measure, \$30 million that specifically is for new technology. And we've completed a study on the Fresno state campus. The cost came in a little high and given the tight money situation, it sort of put a damper on moving forward, but we're very interested. We're very interested in doing what we can to work with San Jose in a coalition building, which would include not just Fresno, but some of the other cities in California that have been doing work in this area. That would include Oakland, Santa Cruz, and areas down in southern California that have an interest in this also. I'm a member of the board of directors of the advanced transit association, and that's the -- we had a special assignment group and they were the ones that reviewed the study. What we would like to do, we think we can be very valuable going forward in setting the best course for this. We have a absolute wealth of experience. Some of our members go back to the very beginnings of PRT over 30 years ago and they've written books, they've designed projects, designed systems, and we're ready and willing, we're ready and willing, to help to the maximum that we can, and we really hope that you would take advantage of that.

>> Thank you very much, sir. Thank you for your work. Robert Williams.

>> Can I just say one more thing, of course, the San Jose project was concerned, one of the things that we're concerned about is that the suggestions that have been made look like a pretty long haul process. We think the San Jose should consider a mini startup project to get things rolling.

>> Thank you, sir. We hope Fresno would be happy to contribute some of that \$30 million to the effort. We'd be happy to welcome any of the money that Fresno has allocated.

>> I haven't got any good answers.

>> Keep fighting for us. Robert Williams. Welcome.

>> Thank you. My name's Robert Williams. I would like to commend the city for initiating and conducting this very important work. I wonder, though, if the very bulk of the reports tends to overwhelm what the initial city intention was and its ability to actually come up with solutions to the problem. I think it is, as Dennis just mentioned, it's very possible that we could start out with a low-cost initial system, initial segment, could be built at fairly low cost. And under existing regulations. And this -- this segment could then be used by the city and the industry to advance the technology and to establish proper regulations. So I just -- that's just a thought to throw out here, that some of us, we get a little frustrated. We see many, many studies that go on and on, but you see very little action. So thank you.

>> Thank you, Mr. Williams.

>> Thank you, I have a presentation, if somebody wants to drive for me. Okay, so this is definitely to impose a problem, but this is a model that was used for the Olympics. This is 25,000 passengers an hour, extremely fast. To the airport in five minutes. We can look at the infrastructure, but in this case, actually how the infrastructure -- next line, please. So you see the picture before, tunnels, so basically the idea with the high-speed rail station with the parking lot in the airport, direct connection to basically east bay, Sacramento, going this way. That's going to Oakland and down here in less than five minutes. We'll go

back to this later. Obviously, the connection here to the terminals that you could extend to light rail if you want to. Next one. Okay, so this is actual numbers. This line actually pays for itself. Run by a firm. Notice they are in the business of making money. This is what they got for a billion dollars back in 2001. Here are the terminals. Same thing here. You can get a ticket there. Here, which is going to be the side. And then more tunnels and then this tunnel here is actually very similar, identical to that. Next slide, please. This is how it really started. It was an abandoned railway yard. It got flooded all the time and basically was useless. The idea was to ride down the middle of it and build a station. That gives you an idea of what it takes to build one of those. You don't build one of those downtown, period. Next slide, please. The machines are loaned within the stations and the machines went that way and the other two boring machines went to east London. All the dirt was gathered here. The idea was to raise by 30 feet to build. Next slide. A few months later, degrading, you could wrap it up. Go right to the end. Go back one more. Okay. High-speed rail, we don't care about it. It doesn't even start. How we move the people back and forth. Next slide. This is how we move 25,000 passengers an hour. Next slide. That basically is the cost if you put everything together. These are the tunnels and what you get for a billion dollars. Thank you.

>> Thank you. A billion dollars doesn't get what it used to. That's not bad. Ed Porter.

>> Good afternoon. I'm Ed Porter. I'm here from Santa Cruz. The San Jose expanded sphere of influence apparently is at least from Santa Cruz to Fresno, that's a pretty big area. This is a high-interest topic. Some of you probably weren't aware of it, but a few years back, I was on the city council for eight years, and near the end of my term, we made sure that the city of Santa Cruz and the city council adopted a resolution in support of this ATN project, because we think it's very important. We want to see San Jose move forward with it, and we think every ounce of work that you guys put into it is something we can really take good advantage of, so we're -- we want to see it happen. I think the release of the report is quite a milestone. Obviously puts the departments in a position now to say, okay, here's what the next step should be. That's exciting. It's been a long time. I completely support the idea that there should be a starter project, and I just want to focus a little bit on whether that should be big or small. I know that today it looks like it was getting fairly big, but I want to advocate for the notion that small is beautiful, and not only that, but that's how things

evolve. I don't think you can start with something big. I think you have to start with that first increment. I think the first increment should be roughly equivalent to what's at London Heathrow airport that's working. I just want to say they plotted forward in a very measured, I'd have to say conservative engineering style, that was slow paced and many of us were impatient why did it take three years to test it. But it's produced a nice result. That same approach is being used to decide about moving out to other terminals and maybe into town, and they are doing it right. That's one of the reasons, I think, that San Jose should do something similar. The Heathrow facility is very modest ridership. Extremely modest headways in that it doesn't have headways. I think the San Jose project will have modest ridership, small headways, and as it starts to operate over a period of years, testing can happen at night. Higher ridership, smaller headways can take place and each year it can get better and expand further into the desired footprint that Hans was talking about.

>> Thank you, Mr. Porter.

>> Out of time already?

>> Yes, I'm sorry.

>> Thank you. Page two next time.

>> David wall.

>> I'm concerned about people coming to San Jose, using the airport. I know possibly they could be fleeing San Jose to use the airport if certain other policies are invoked by council, but at this time period and then, of course, we look at who's going to become president, we don't know, but we do know the nation cannot withstand trillion dollar deficits, so we have to ask where's the money going to come from for this project. I think by the time the money is available that teleporation will be more in vogue. It was of a unique historical moment, though, that director Larsson would use the golden temple. The golden temple had a

unique history years back with Gandhi firing on it, she didn't fire on it, but she ordered indian troops to fire on it and seize it from the Sikhs, which resulted in her untimely death at the hands of a couple of submachine guns. So as far as people moving to see a golden temple on a pod car, I guess that's fine in India. Here in San Jose, I think you're a good 20, 30 years out before anything like that can happen, and that's if the company can get its financial act in shape and if the city of San Jose can start attracting people to a very nice airport, very well-run airport without taking on any more expenditures. Of course, tomorrow we will be thanking the finance group for the refunding of certain bond issues at the airport that came in at a higher rate than expected. Thank you.

>> Okay, thank you, Mr. Wall. Turn now for comments and questions.

>> Jump in first. Can you speak a little bit to the funding sources? Past and current and future in your mind of what you see. I saw we were using some of the funds to support staff work from, what, 2000 to 2012.

>> You're referring to how the study was funded?

>> Mentioned funding sources past, present, and future, really, where we're at now in terms of dollars available.

>> Our specific -- the current efforts that we have were funded by the measure-A program in order to investigate and develop a project that's part of that. That's been funded with VTA funds. The city contribution we funded the staff support to help manage the project, but the consultant services were funded by the VTA. What we have been exploring particularly at a national level is whether there are pots of money that are available to do a national demonstration project, we'd love to do one here in San Jose, if not in San Jose, in Silicon Valley, if not in Silicon Valley, maybe Fresno, somewhere else within California. Frankly, there just are no federal dollars available to support something like this at this point. The new federal bill doesn't have any funding pots to do anything more than perhaps fairly small scale continued development of this. We are pleased that the United States department of transportation has staff that are interested in this

and engaged in it and are willing to continue to explore the development of it. The best opportunity from a funding or policy level is looking ahead to 2014 when there would be a new federal transportation bill and to see if, you know, there is interest in the United States being a leader in transportation and transit technologies. That's one of the things we're working towards is education awareness at a national level and what the potential this could be for our country and by pointing out what is really a lot of exciting work in terms of projects that are happening in Europe and Asia. I think that's part of realistically, you know, we don't see any significant dollars in the next couple of years. So we're seeing if we can do some groundwork to help improve the environment.

>> Again, when measure-A was adopted or passed in 2000?

>> Yes.

>> We're 12 years in and this is where we're at today. From a lot of work and a lot of time spent on this issue. Were you going to say something?

>> Yeah, I think the -- when the program was passed, it was at the dot-com boom time. We were expecting \$6 billion to come in from that measure with the adjustment of revenues, the program is not fully funded to do all the projects. I think what was compelling to VTA, the board, is the potential that this new technology may be a way to deliver on that pressure project in a more cost-effective way, and it was worth while doing some planning work to be able to explore it. The thing we also found attractive is that because it is a new technology, it may be compelling for some special demonstration funds that may be available nationally or from other sources that would bring money into this County that, you know, were not part of more traditional transit programs.

>> Yeah, don't get me wrong, I don't think the work we've done is not worthwhile. I think it's extremely worth while. This report in itself, eight, nine pages is extremely helpful for policy makers to make decisions and I'm sure all the work you have in terms of the analysis that doesn't fit in here is extremely helpful for us going

forward. I don't think this concept is a bad concept. I think it's a great concept. Again, these are big dollars, big projects that we just don't have today, but I think where I'm trying to get to is at this point in time in continuing to invest time and resources and your department's time, I don't disagree this is a worthy project. What I'm trying to get to is when at this point do we say it's not right and put it on the shelf for a bit and work on other potential policy programs or projects that might have more viable in terms of getting funding? We make that decision in a bigger picture with VTA and council level, but I'm trying to jump ahead a little bit here. Do we continue along the same path we're on in being advocates and continuing to monitor the technologies or do we just say we're going to hold off for awhile and see what comes in the next two, three, four years. That's where I wanted to get the conversation to to get your feedback on.

>> I think the recommendation is that our active development in developing a project, we really are putting on hold. And that what we want to do is not have the learning that we've had, you know, from us and our consultants to sit on a shelf, but I think there are a lot of others out there that would benefit from what we've learned about the industry and what's going on in other parts of the world and what some of the key challenges are that would need to be addressed by others to kind of move the industry forward. So I think it's a fairly small investment in kind of keep the ball moving in trying to get others engaged and looking at investments from others while, you know, we wait until perhaps a better time for a San Jose project.

>> For you in your mind, not really putting it on the shelf and moving on to other projects, it's a little bit different in the sense of you want to keep the concept moving, keep talking about it, keep reaching out to stake holders, advocate groups, so we can move forward when ready. That's generally the approach that I hear you describing.

>> That's right, and I think the thing we'd add is really what we're hoping to accomplish by what I sort of call a talk it up strategy and sort of keep the buzz going is that the -- we would attract development and investment in this and companies coming to San Jose and Silicon Valley that want to participate in the industry and whether the projects are in India or south Korea, there is a lot of smart people and technologies here in Silicon Valley that can contribute towards developing these international projects. And if we can by

talking it up, get folks, you know, working on this and it all sort of helps support what have been our green vision goals in terms of, you know, driving clean tech jobs and innovation and having them stay and develop in the San Jose/Silicon Valley area.

>> Thank you. I want to apologize for asking these questions, but I do want to acknowledge these are awkward and tough and maybe not popular to ask, but sometimes there are alternatives, and if an alternative is to stop the work we're doing, then that question needs to be asked. That's just where I'm jumping ahead to get your professional input as to why you think we should continue the strategy you're talking about, which I don't disagree with at all. If the dollars were there from the 2000 measure A, I'd be voting along with you on this in terms of my enthusiasm for the need for this. Again, trying to jump ahead here and ask a difficult question in as nice a way as I can. Thank you.

>> I don't think that's inappropriate at all, council member Rocha. That's the questions we're all asking. The question I have, as I think about the notion that small is beautiful and is there a way to eat this elephant in a much smaller bite. And I recognize that ATNs are traditionally involved separate guideways, they are not necessarily great separated though. So the question I have is to what extent did they examine the possibility of at grade separate guideways. That is a separated lane, though we could probably fit vehicles going both ways in one lane. Using the existing street infrastructure, obviously, with fiscal barriers, is that something that they explored at all?

>> Yeah, I think that where you can create, you know, space within the street right of way and it doesn't interfere with pedestrians or other vehicles, you can do that. I think, in fact, the part of our alignment and crossing 87 is actually using the airport boulevard corridor at grade coming underneath. We've got enough room to be able to do that. So it can operate in tunnels. You know, at ground level or be elevated. I think generally the applications that are most compelling is that you are in a constrained, developed environment and the beauty of this is that you're able to move separately, usually above the rest of traffic in order to get to your destination quickly. But you could operate it in different elevations, certainly.

>> I appreciate it's a lot sexier when it's an elevated guideway, and London's system looks great. I was able to ride it. I can't imagine how we could fund it, but it looks great. I just, as I think about some of the railways, looking at the map here of the recommended alignment and then as we think forward to what we think is the preferred alignment, I think about a lot of roads that are probably underutilized and overbuilt with lots of space at grade. Seems to me we have enough bright minds around where we could probably identify corridors on those streets where we could create an at-grade fixed guideway. And particularly since we're looking around for funding sources, you know, maybe you could call this a BRT with different stripes or spots. To be able to qualify for small starts and those kinds of programs, we know they are really critical for getting a program like this off the road, off the ground. I just wonder if that's something other cities are thinking about, that's something we fully considered, because I think it could be a relatively inexpensive proposition to be able to move a lot of airport passengers to a key location, and after all, that is part of measure A's mandate, so there is at least a funding source out there in theory. I guess I ask if we try to explore that, how could we?

>> I think the others, viability to doing that, I guess to have it purely -- to have it at grade, you do lean in an urban environment, at some point you're going to run into some crossing point, whether it's pedestrians or bicyclists or car, so it's a little difficult to do that, but certainly, you know, there are areas where you can make that available. The under 87, for example. Generally, you're looking at an alignment, you're generally going to look to find the option that's at lowest cost. Certainly, being at grade as much as possible is a factor.

>> Well, I know it's for another day to consider. I just want to throw it out there. Seems like it might be a lower-hanging fruit. I think you may have, particularly with the development on the west side, the airport now, potentially a corporate campus, soccer stadium, private folks would be interested in investing in a low-tech at-grade system because of the ability to open up Cal train. So we've actually started those conversations already with the developers over there around Caltrain tunnel, a pedestrian tunnel. I know that's not cheap. I think it's a \$10 million proposition. But maybe as we think about this, maybe it's not a

pedestrian tunnel, maybe it's something more like we're discussing. Anyway, I just offer that and I know that you guys have been thinking about this a long time and I'd be interested in exploring further if you're willing.

>> Absolutely. Thank you.

>> Okay, any other questions or comments?

>> Yeah, I did have a comment. As this report moves to council, is this going to be under the committee report or did you see a cross reference for this to council, the full agenda?

>> I think we were going to have this go forward as part of the committee package with the actions that this committee takes, so generally it's informational status report.

>> I don't know if the committee has interest in cross reference. It seems kind of a milestone decision. I don't know if it's a milestone decision, a little strong, but something the full council may want to weigh in on.

>> Sure.

>> I think with that it would be something the committee would like staff to present to the full council and give them an update where we've been on this and where we're suggesting we're heading.

>> Significant decision point to me about how you're investing your time and resources going forward. Again, that's my opinion.

>> Would you like to make a motion?

>> Accept the staff report and submit a cross reference report to the full agenda.

>> Additional direction if staff were to consider if there were any at-grade segment worth considering, what that might be, just to start the conversation, not to expect that we'd be chained to it, but just to explore that as what would be the place where we would start small.

>> Happy to include.

>> Okay. All in favor? All right, none opposed. Thank you very much. We have two comments on open forum. I think -- I'm sorry I interrupted your brilliant presentation. I was actually getting pretty fascinated by it, but you have an opportunity to resume it at this time.

>> It actually keys in. First of all, I'm sorry I overextended my time. The points I wanted to get across is the blue train with the yellow nose, that's essentially Caltrain is paid for. That's where the \$440 million is going to. Do you want to go back to that? The -- I'm sorry on the grading, I got totally sidetracked where I was supposed to be going with that. The dirt from the tunnels goes up north to the plant. London we're building a complete 1,300-acre build site. We've lost because the water is rising. This is what we're doing with tunnel dirt. That's basically it. Now the thing I really wanted to talk about on public forum is I was in San Francisco a week ago, first of all, they are sticklers for the time, two minutes, that's it, period. What they do do is they have a podium and on the podium is a laptop with the presentation and the staff and a member with the presentation uses the same podium. So you actually get to drive. But I really appreciate the help that I have and thank you so much.

>> Thank you.

>> Okay, Mr. Wall?

>> Yes, this is in reference to the vacation of a portion of Emory street from stockton avenue to laurel street. This property is basically being hopefully given to the preparatory college. I looked and saw this document that's for tomorrow's item 4.4 only lists \$5920 that has been assessed, I think that money should be

refunded. But also the document is incomplete as far as other sales charges and other fees to be assessed for this process to go forward. I would suggest it be a gift from the generous city for all the good that Bellarmine has done for the city and world and nation and that council members be warned that everybody has an equal rap sheet and there's certain purgatory aspects to this that could be mitigated. On a sadder note, I would like you to take the necessary steps to dedicate a city council meeting to Thomas Wallace Rowe, who passed away Saturday, a very good, dedicated American. Very helpful person to district 3, and his passing, of course, causes a lot of grief to everybody that knows him. I think a dutiful city might say thank you in their own special way. Thank you.

>> Thank you, Mr. Wall. Thank you for notifying us about Mr. Rowe's passing. I know he was very ill. With that, the meeting's adjourned.