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>> Mayor Reed: Good afternoon, like to call the meeting to order. This is Rules and Open Government Committee meeting for March 7th, 2012. Any changes to our agenda order? All right, let's start with review of the March 13th council meeting agenda. Anything on page 1, we still need to have a 9:00 start for closed session?

>> City Attorney Doyle: Not really. I think we're sort of beyond that. And so we can go back to 9:30.

>> Mayor Reed: 9:30 at least for this.

>> Councilmember Herrera: Yay!

>> Mayor Reed: Anything else on page 1, page 2 or 3?

>> City Attorney Doyle: Mayor, just a question. Will we start with the labor update or will that just be as necessary? Or will we go immediately into closed session?

>> Mayor Reed: I don't even know if we have any negotiations that are --

>> City Attorney Doyle: I don't think that we will but --

>> Mayor Reed: Ending. We just.

>> City Attorney Doyle: Keep it as a standing item and if we do --

>> Mayor Reed: If it's a standing item we can have no update, I suppose. If people are interested they usually can check with the staff and find out if there's going to be an update, I suppose.

>> Ed Shikada: We can arrange it that way so there's a notification so to speak or heads up that we will be --

>> Mayor Reed: We're going to soon be back into negotiations for the next year's contracts so --

>> City Attorney Doyle: It might just be a hiatus for a month or so. But it should say 9:30.

>> Mayor Reed: Basically be 9:30, call to order and into closed session. Anything on 2 or 3?

>> Dennis Hawkins: On that day Mr. Mayor do we want to leave 3.2 on the agenda as a standing item? Just leave it, okay.

>> Mayor Reed: Yes.

>> Ed Shikada: Change that to 9:30.

>> Dennis Hawkins: We'll change it to 9:30.

>> Councilmember Oliverio: Quick question if it's a standing item at any council meeting that matter would be deferred or what would be the item, no report?

>> Mayor Reed: No report, people pay testify though, even though there's no report.

>> City Attorney Doyle: It's like the City Manager's report in that respect. If she has no report, she has no report.

>> Councilmember Oliverio: Got it, thank you.

>> Mayor Reed: But on that point if the labor relations staff don't have a report, they don't have to come down and tell us there's no report, they can call us and tell us. 2 and 3? 4 and 5, the mayor's March budget message should be noticed for the evening agenda. We typically have the hearing on the budget on the evening.

>> Dennis Hawkins: On the 20th.

>> City Attorney Doyle: The evening is ton 20th so you'll have the first discussion on the 13th, and then you have the action on the 20th.

>> Mayor Reed: I'm getting my budget hearings confused. I thought we had an evening meeting sometime before we voted on the budget message.

>> Ed Shikada: That may be for June.

>> Mayor Reed: We might have them in June I know.

>> We usually have the meeting just in June and we don't need it in March.

>> Mayor Reed: Let's do it like we did it last year. Somehow we got through a very tough budget. That won't necessarily be in the evening until June. Anything else on page 4 or 5? Page 6 or 7? We have some request for additions, proclamation, Iranian new year by Councilmember Pyle, commendation to Matthew Dutra from Councilmember Oliverio. Any other additions or changes?

>> Motion to approve with the additions.

>> Second.

>> Mayor Reed: Motion to approve as amended. Mr. Wall you want to speak?

>> Sir, this is in reference to I believe in item 7s, it's in the 7s, not sure if it's 7.1, BLP engineering contract for the digesters. I've mentioned concerns about this project before. I've given paperwork. The list of questions are also

submitted as a public record request for information. I've every confidence in the office of the City Manager to look into this matter, and I'll leave it at that. Thank you.

>> Mayor Reed: Okay, that concludes the public testimony. We have a motion to approve the agenda as amended. All in favor? Opposed? None opposed, that's approved. March 20th, council meeting agenda. Anything on page 1, 9:30 start? Until we decide otherwise, we can go with the 9:30. Page 2 or 3? Are we having an evening meeting on the 20th, yes we are. Anything else on 2 or 3? Page 4 or 5? Evening meeting items are on page 6 and 7. Have we made the changes to allow us to adjust these to the afternoon session yet or is that still in the works?

>> City Attorney Doyle: I think we're finalizing the rules resolution proposed changes and expect to bring that --

>> The next week or week following.

>> City Attorney Doyle: In the next few weeks.

>> Councilmember Liccardo: I have the housing authority of the City of San José work plan, page 8, request for additions, proclamation of Syrian new year by Councilmember Pyle, high school commendation for Councilmember Constant, any other requests for changes?

>> Councilmember Herrera: Motion to approve the agenda.

>> Mayor Reed: Motion is to approve the agenda as amended. All in favor, opposed, none opposed, that's approved. Legislative update we have nothing to report at this time. Meeting schedules, public record. I have some requests to speak on the public record. Mr. Wall.

>> I'd like you to look at item C entitled San José police officer Jonathan Cook number 3886 and team save another life in the hood. I've been thanking this police officer for some time. It's come to my attention of the

firefighters that were out there and their names will be put on the public record with another request that you thank them for their efforts in this matter. As of today, before the meeting, I made inquiries to the family. The individual is still in the hospital. He would have been in the morgue except for the San José police and firefighters. Thank you.

>> Mayor Reed: That concludes the testimony on the public record. Is there a motion?

>> Councilmember Herrera: Motion to note and file.

>> Councilmember Oliverio: Second.

>> Mayor Reed: Motion is to note and file, all in favor, opposed, none opposed, that's approved. We have nothing for committees. We have next item is G-2 that's approval of the fifth annual Westfield Oakridge winter walk and resource fair --

>> Councilmember Oliverio: Motion to approve.

>> Councilmember Herrera: Second.

>> Mayor Reed: City sponsored event. All in favor, opposed, none opposed, that's approved. We have two more requests of city sponsored events, district 4, CPR, second annual family day.

>> Councilmember Oliverio: Motion to approve both.

>> Councilmember Herrera: Second.

>> Mayor Reed: Motion is to approve both, all in favor, opposed none opposed, that's approved, we have request to approve SB 1220, housing opportunity trust fund act of 2012 and put it on the council agenda for the 13th.

>> Councilmember Herrera: Motion to approve.

>> Councilmember Oliverio: I'd like to hear about it.

>> Mayor Reed: Staff, then.

>> Leslye Corsiglia: Leslye Corsiglia, director of housing. This is the first bill we are bringing forward to the committee that provides tools to replace the loss of redevelopment funds. We do expect that in the next few weeks requests for positions on cleanup legislation as well as additional tools, quite a number of bills have been submitted. Some which have more meat than others. We've got a number of place holders that I think will over the course of the next few months become vehicles for new economic development and housing tools. This bill, Senate Bill 1220, is sponsored by senate pro tem Steinberg and senator de Salnier. It would create a new ongoing source of funds for affordable housing. This is really culminating an effort that the state has had for the past three years, under the Schwarzenegger administration and now under the Davis administration -- the brown administration. Going back a little bit -- to find a permanent source. They've held dozens of meetings throughout the state, investigated over 200 different types of funding sources. The bill right now does two things. It creates a new fund that's called the homes act and it identifies a funding source, which is a \$75 document recording fee for real estate transactions. Right now there's not detail yet about the use of the funds. And that's intentional at this point, just to get the concept approved. We'll be engaged in the discussion which we expect will be going throughout this year on those details of how the funds would be used, with the intention of ensuring that San José receives its fair share of the dollars. The bill's supported by the housing community including the BIA. It is supported by employers including our own Silicon Valley leadership group and also others like the Orange County business council. And senator Steinberg and de Salnier are in conversation with the state Realtors right now and trying to work through concerns about the source to see if they can reach some agreement. The bill's expected to

be set for committee shortly and the senators are asking for folks to come forward with support. Prior to that first meeting. So we're urging your support. I would like to ask if this can come back on the 20th. I know on the agenda we said the 13th. But I will not be here next week so it would be preferable to wait another week. Back to council on the 20th. Yeah. And I can answer any questions you have.

>> Councilmember Oliverio: Hi Leslye. So from your comments not known exactly this new tax on real estate transactions how much would it generate sort of unknown?

>> Leslye Corsiglia: It would generate an estimated about 450 million to \$1 billion a year for the state.

>> Councilmember Oliverio: Wow!

>> Leslye Corsiglia: And that is actually one of the reasons why this source was chosen because a lot of the different funds that they looked at would generate such a small amount, and if it requires voter approval or anything like that then it's tough to move forward with that. This is a fairly simple source that's been used by a lot of different states to fund their affordable housing programs. There's a nexus. It does not require voter approval. It requires two-thirds vote of the state legislature.

>> Councilmember Oliverio: Got it. And it's not clear to your comments what it would be spent on other than affordable housing but we don't know what criteria or anything like that?

>> Leslye Corsiglia: Right now there's nothing that's out there although lots of ideas from housing rehab to homeless programs to new construction. All of the above.

>> Councilmember Oliverio: And Betsy in your background or even Leslye, do these bills tend to be hollow and get filled in with details?

>> Yes.

>> Councilmember Oliverio: And there's no inclination on what the rewarding or how cities and counties would receive these?

>> Leslye Corsiglia: Right now there's not. And that's something we'll definitely be engaged in. What the state has done in the past 30 years is created state housing programs that are funded that do all different kinds of things. And I think there are different ways to look at that as we start looking for a different 21st century housing model for that, whether that makes more sense, or whether a block grant idea that's more simple to administer, getting the money to the people as opposed to used for program administration.

>> Councilmember Oliverio: For measures of consistency when the council will you know vote to support or not support a particular item, seems like those questions are kind of important. But I guess -- I'm just trying to say, when we -- the council receives legislation to act on do you feel in the historical past that the bills that the council's weighed on has had those questions answered those levels of detail in there?

>> Leslye Corsiglia: I think we have that opportunity. As the bill is amended we would bring it back to the council. If we feel the bill does not meet our goals we would want to suggest amendments. We can always change that.

>> Councilmember Oliverio: Thank you.

>> Leslye Corsiglia: Right now I'm just asking for the council's support of this concept right now of a permanent source within a source.

>> Councilmember Oliverio: Motion to approve on the agenda.

>> Mayor Reed: That would be the second --

>> Councilmember Herrera: I made a motion. I would like to speak to the motion. I appreciate you bringing this forward. I think it's important that we follow in the line of the historic success of San José in creating affordable housing. We were the leaders when we had the Redevelopment Agency, San José has created thousands of units and you certainly know that around I think it's very impressive that the leadership group is in support of this that all the major employers are in support of it so I think it's very important that we get on board in the beginning so that we can have some ability to architect this bill so it meets our needs. The only other thing I have to say is I hope the state legislature looks at giving -- finding a tool for us to do economic development too. I think housing is really important also we need to have another tool to begin to continue economic development. I think that's going to be a problem in the future if we don't. I'm really happy to support this.

>> Mayor Reed: Question about the law with regard to the fees and taxes. I know there was a a proposition approved recently. Does that not apply to acts of the state legislature on ease and --

>> City Attorney Doyle: I think that's something we'll have to look at. I just identified it myself. Normally a documentary transfer tax, this is a mechanism the legislature's trying to put in to play. I need to look at prop 26 and see how that plays. I can't give you an answer at this point but we will have that for the council meeting.

>> Mayor Reed: I think that would be useful because no matter how you disguise it, it's a tax. Can you call it a fee, it couldn't make it a fee under the definitions of a service related fee for service kind of fee. We went through that analysis extensively when we were looking at our phone fee and things like that so I can remember some of that. So I'd just like to know if that's going to be an issue for them, two-thirds vote of the legislature and a public vote kind of doubles the hurdles.

>> Leslye Corsiglia: I think they're pretty sure this is just a two-thirds vote of the legislature and a signature of the governor. Those are the two hurdles it has.

>> Mayor Reed: That signature is important too. This is a concept, a lot of ways they could distribute the money and not all of them would be in our best interests and it's important that the funds that get generated here stay here.

>> Leslye Corsiglia: Absolutely.

>> Mayor Reed: And we can't necessarily rely on the state legislature without a little encouragement and help from us which I know staff will be working on to make sure it at least meets our needs. So we have two people I think who wanted to speak on this. Yes Councilmember Herrera.

>> Councilmember Herrera: The other thing I'm interested in is working it out with the state Realtors.

>> Leslye Corsiglia: Right.

>> Councilmember Herrera: That's a concern that they are not in a support position, again this is conceptual and able to work through and resolve any issues we have.

>> Leslye Corsiglia: I think the senators are committed to doing that so meetings are ongoing.

>> Mayor Reed: Jennifer loving and David Wall.

>> I'm Jennifer Levin with destination home. I think it's like preaching to the choir, you already think this is good and we do too. A permanent source of funding for affordable housing will only help us further our objectives to end chronic homelessness, we need the housing to do that. So thank you so much.

>> Mayor Reed: Mr. Wall.

>> I would like to appreciate the passion of our housing director, if all our directors have the passion and zeal for their jobs as you do, we would be better off. I don't particularly like this law for a variety of reasons. First of all, it's not very well written. There's too many ambiguity. Mr. Mayor, you mentioned local control. That should have been in there as a selling point for jurisdictions. You also mention that it was a tax, and that is a tax. And I particularly don't like this type of tax. But then again, it flows from, like, the art tax that we pay for public buildings, same type of deal. I also -- it's very vague and ambiguous. Housing for low and moderate income Californians. Shouldn't it say low and moderate income citizens of the United States? Okay. So this is another area of ambiguity that's very objectionable. And as to all the local nonprofits who are looking for funding, well God bless them, let them look for funding. But as I can't afford to live in Beverly Hills or Los Altos hills at this time period, there are people who can't afford to live in San José, and perhaps there should be a sign that says, South Dakota is this way. Thank you.

>> Mayor Reed: That concludes public testimony. Two comments I had is, it's real high priority to have money to deal with the chronic homelessness problem. And we know there's a wide range of what people consider to be affordable housing. And I certainly wouldn't get too excited about an affordable housing program that basically generates another market rate housing which the market is already delivering in some regard. And if it doesn't include dealing with our homeless issues, then I'll be a lot less interested in supporting it when it finally gets drafted. And then the final issue is what we saw in redevelopment, where there were agencies who just collected a lot of money for housing, never spent it, and then ultimately generated the interest in taking that money which is what the state tried to do that sent us on the path of ending redevelopment. So as governor Schwarzenegger told me, the money was just laying around. So however they draft this bill, we don't want this money just laying around. We want it to be deployed and used for its intended purpose and we don't want the state to take a cut off the top. All those things have to get worked out in the details of the bill so there's a lot of work before we could support the final version. So anything else from the committee? You have a motion to move this on to the council agenda for the 20th. All in favor, opposed, none opposed, that's approved. Thank you. Got a note that the other item ton agenda amendment to the transportation and environment committee we're going to drop. No need to discuss.

>> Ed Shikada: Mayor, my apology for not raising that earlier.

>> Mayor Reed: No problem. Easy to drop things. Mr. Wall we're down to the open forum.

>> At the transportation and environment committee this week, an alarming statement was made by your acting director of ESD, with reference to a time period of seven to ten years before new engines that would produce power for the plant would be available. I suggest that you look at the plant's -- the water pollution control plant annual report for 2011, I believe page 37 or 38, roughly in that area there's about \$40 million that is kind much like idling and I think CIP budgets. I would sincerely suggest that you light a fire under whatever rear end it takes to get at least two of those gas turbine engines online as soon as you can. You are playing with fire with that water pollution control plant, and moving residual sludge is not a high priority. It's getting those engines, the newer engines up installed so you have plenty of power dealing with treated sewage. The other thing I'd like to talk about is the storm drain. The storm drain or the storm drain fee or tax, there's been -- made inquiries, looks like that should be voted on by the public instead of just arbitrarily raised. So I'd like the attorney's office to rule on that at some other point in time. Because to me can I see where you can raise the sewer rates. But the storm drain, that's different. From my layperson's perspective. And I don't know, I surmise you have to put it to the vote. But I don't know. Lastly, I would like to thank all of you, you've taken a lot of grief, you mayor and the whole council over this pension business. I don't particularly like what's going on but neither do you. I just think if for -- it must be lonely in command but you're in command and thank you for all your efforts. I know it's not any fun for you.

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