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>> Mayor Reed: Good morning. I'd like to call the meeting to order. This is the opening session of council meeting. We'll have the labor update and then adjourn into closed session and come back to 1:30 for the rest of the public agenda. Turn it over to Alex Gurza.

>> Alex Gurza: Good morning, Alex Gurza deputy City Manager. We are engaged in mediation with the bargaining units but we have reported no proposals that have been made thus far.

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

>> Mayor Reed: (gavel strike) Good afternoon. Welcome everybody back to the first council meeting of the new year. January 10th, 2011. We will start our meeting as we always do with an invocation, Councilmember Constant is going to introduce the invocator.

>> Councilmember Constant: Thank you mayor. I always feel fortunate that as the councilmember for district 1 I get to start the invocations off each year. As my sixth time I've always had the opportunity to bring the priest from my church to do the invocation. This year St. Nicholas church here in San José many of you know them as home of the great Greek festival in June every year. This year, we lost father John, or this past year, who had been here many times and father Satiri also left our church. We are very fortunate in that we have a wonderful priest with us, father ion, who is here with us. While he's new to the church he is not new to the City of San José. He has lived here with his family his wife and his two young boys for ten years. Father ion began his priesthood in Boston, at Holy Cross Theological School, and he graduated just last year in May of 2011. Immediately following that he was ordained and came to us here in San José to lead us at St. Nicholas Greek Orthodox Church. I know we look forward to a lot of community work together with father ion and the Greek community, and I welcome you to give us our invocation today.

>> Ladies and gentlemen, please rise. Glory to the father and to the son and to the holy spirit. Almighty God we thank you for the many blessings, known and unknown, manifest or hidden, that you bestow in our lives. On our families on our communities. On this city. And on our country. We thank you for bringing us together here today, to serve our people. Be mindful lord of the poor, the sick, the afflicted, those in captivity and their safekeeping. Remember, lord, all those who toil and do good works and those who risk their lives for defending our nation here, and overseas. Lord, grant our leaders to serve and govern in peace. That through the faithful conduct of their duties, we may live peacefully and serene lives in all piety and virtue. We pray that you will today grant us discernment understanding and wisdom in our actions so that we complete this meeting for the best interests of those whom we represent and for the glory of your name, amen. Happy New Year.

>> Mayor Reed: Would you remain standing for the pledge of allegiance. We'll be helped today by country lane school third graders from district 1. [pledge of allegiance]

>> Mayor Reed: Thank you, country lane. It's always nice to have third graders with us. Our first item of business is orders of the day. We need to make some changes from the printed agenda. Item 2.3 B and C, some council committee reports we need to defer to January 24th. Item 3.4 the marijuana business tax item we need to continue to January 31st. Item 6.1 minimum standards for airport west side general aviation development we noticed to defer to January 24th. And item 8.1 the independent police auditor audit I want to take up following the consent calendar early on the agenda. We will hear that today. Any other changes to the printed agenda, Councilmember Herrera.

>> Councilmember Herrera: Motion to approve orders of the day with all the deferrals and changes.

>> Mayor Reed: All right, motion is to approve orders of the day. All in favor? Opposed? None opposed, those are approved. That, the orders of the day do note and let me just comment now that we will adjourn in meeting in the name and in memory of Robert Delgado. and Councilmember Campos has some additional comments.

>> Councilmember Campos: Thank you, mayor. Robert Coronado Delgado passed away peacefully on December 7th, 2011, surrounded by his friends and family. Robert will always be remembered for his passion for the youth and using sport as a way to impact the lives of so many that were fortunate enough to know him. Using discipline, education, and mentoring as a tool to build strong character in so many young lives he encountered was something Robert did so well. Robert was a dedicated member and coach. And was really the life blood of the Eastridge little league for 38 years. He also spent 11 years coaching EYAC football. And was also a dedicate volunteer for the Overfelt high school wrestling team. Being part of the community was an admirable trait Robert had. And it was something no one can pull away from him. His passion and commitment was too strong and his loyalty towards youth was beyond measure. I would like to take this opportunity to thank Robert's family, especially his wife, Mrs. Rosie honesto Delgado and his son, Armando Delgado who is also here with us. I think one of the things that also stands true today with Robert, is that there is so many young men, I'd probably put it in the thousands of young men and women that have gone through Eastridge little league that have seen Robert as, you know, a surrogate father. He was -- he's going to be very missed. And my condolences to the family.

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

>> City Attorney Doyle: Mayor, the city council met in closed session this morning pursuant to notice. There's no report.

>> Mayor Reed: Thank you. We'll now take up the ceremonial items. Today we have a special event because we're joined by our congresswoman Zoe Lofgren, and I'd like to invite congresswoman Lofgren and Kim Walesh to join me at the podium.

>> Mr. Mayor. I'm here to congratulate Mayor Chuck Reed and his team, the entire city council, for their efforts to promote exports for San José-based companies. As you know or may not know, our area has the highest percentage of export related businesses in the United States. And that's important because it's about jobs. And we also know that export jobs are among the highest paid jobs in the economy. So what this city has done, in working with the U.S. commercial service, is enormously important. The city was instrumental in bringing the U.S. commercial service to San José, it was an honor to join with everyone in the city, in 1996, to open the center. Since that time, we've identified and served many businesses, especially small and mid sized businesses. Helping them to learn the ropes, so they can successfully export around the world to the benefit of the -- our economy and also to grow jobs. We know that exports have grown in the last year. And the export service here, the U.S. commercial service, is a key part of that. I think it's important to give credit where credit is due. And so I would like to the mayor who's here to accept this award and also, we have with us office director Joann Villier who will help in presenting the award. [applause]

>> Mayor Reed: Well, it's always great to get an award from a member of Congress even though I didn't do the work. Especially if I didn't do the work! So I'm receiving this on behalf of a lot of people who have done a lot of work. San José is number one in the country in the percentage of employees who were involved in the export business. So when the president said he wanted to double exports in five years, I thought, that's great! Because that will be really good news for the San José economy. And congresswoman Lofgren of course has been a great help to us, working with the administration in many ways around the export issues. And I know that y'all see Zoe Lofgren around a lot and probably don't realize the reason she's here is she just got off an airplane. Because she makes that trip back and forth to Washington practically once a week. Now I don't think you had to go last week but you'll be going next week. And we really appreciate the fact that she comes back to San José so often and has been so involved in many, many issues around our local economy. And so I want to acknowledge that, thank you, and thank the Department of Commerce of course, for their work with us, because they facilitate our businesses who want to do business overseas, and that's where the market is, 95% of the world's market is out there. It's not here in the United States. So Department of Commerce is really important in that and we appreciate that, so thank you for joining us. Joann we appreciate it. Zoe, thank you.

>> Thank you, mayor, thank you, council! [applause]

>> Mayor Reed: Now I'd like to invite our donor recruitment manager, Teresa Evangelista, and donor recruit account manager Mona Helmholt to join me at the podium as we recognize the month of January 2012 as "National Blood Donor Month" in the City of San José. only Mona Helmholt, you can handle it. Many donors who are coming to the city to help donate blood to save lives, every pint of blood can help save lives, we do rely on volunteers. Whether your family may have a birth in the family, a premature baby, or maybe somebody has gotten sick or injured, the chances are probably close to 100% that somebody in your family is going to need blood during their lifetime. Only about 20% of the people who could give blood, do give blood. And so we're always looking for volunteers. I've done it many times myself, it doesn't hurt, it's very simple, you can do it. We use this as an opportunity to promote volunteer donors, we need you. We make it easy, we want to make sure that everybody understands the need for it and we're going -- need for it and we're going to acknowledge this as national blood donor month and thank those who do it. Mona. [applause]

>> Thank you, mayor Reed and thank all the councilmembers. The holidays and winter months are traditionally the most difficult times to maintain an adequate blood supply. Your support is appreciated. Takes about an hour to donate a pint of blood, yet it might be one of the most important things do you. One donation can help save the lives of three people. Organizations in San José sponsored 67 blood drives in 2011 producing 2421 pints

of blood which means 7,260 people may have had their lives saved because much it. We regularly hold drives throughout San José and we hold them here in the City of San José in the rotunda and the next one will be March 7th. We encourage you to donate and also, if we have those here who are from local businesses, and-oh who wish to hold the blood drive sponsors are very important because without the sponsors we don't have blood drives and without blood drives we don't have the blood. Thank you. [applause]

>> Mayor Reed: Thank you Mona.

>> Thank you.

>> Mayor Reed: Next I'd like to invite Councilmember Liccardo and Jim Crawford to join me at the podium as we commend Jim Crawford, for many years of service and Leadership in the downtown community. Councilmember Liccardo has some of the details.

>> Councilmember Liccardo: I'm honored to be joined today by Jim and by Councilmember Nancy Pyle. The one benefit, one of the many benefits of public service is the opportunity to meet extraordinary people and every once in a while you meet someone who reminds what you public service is all about. And Jim is one of those very unique people. His passion for services, compassion for the community even for Catholics like me.

>> Especially, especially.

>> Councilmember Liccardo: Yes. Jim has been the leader, the pastor of first church downtown for many years. In that role of course he has been many things to many people and I know we've got a substantial cheering section here, includes his wife Susan, his daughter Katie and those other nonfamily members who are here to cheer on Jim as part of the Jim Crawford cheering section please stand up. We appreciate you being -- wow, more than I thought! This gives you some sense about the extraordinary reach that this man has had. In our community. Thank you. [applause]

>> Councilmember Liccardo: I don't have to say anything. You guys just said it. You know and if they could be here we'd also be joined by the 650 kids who were provided with back packs every fall at Horace Mann and the 300 kids who are provided with gifts at the holidays and the hundreds of residents that are through first church downtown, there are so many, who are grateful and a part of the Jim Crawford cheering section out there in the community. Jim has been a builder and architect in his time and we're going to soon see the fruits of that effort across the street. We hope starting this year. With a new church. Certainly, a spiritual leader and mentor for many, an advocate for the voice of marginalized, a booster for all things downtown through his works with the downtown association and so many endless task forces that we've bored him to death with I'm sure. A supporter of many public schools, Horace Mann, oh Linder, and downtown community with that I'd ask the mayor to present a commendation to Jim Crawford for his great years of service. [applause]

>> Wow, thank you so much! The mayor offered me a microphone which is a bad thing to do for a preacher. You don't know what you've done there.

>> Mayor Reed: Then sit down!

>> I would simply say that it has been a great honor and privilege to serve the people of San José. I am taking medical disability, and leaving my parish. But I'm leaving it in good hands. And 21 years ago, we came to this city, and I stood here in the council chambers and when we talked with the fire that took the -- about the fire that took the building across the street, San José first, first church downtown, United Methodist church and we made a promise to you the people of San José that that church would survive, the church is not a building, it is the people. And we would serve the people of San José with all our hearts. That we would give ourselves in service to the poor and the needy, to the children, to anyone and everyone. To the best of our abilities. And I pray God that these last 21 years I have in some small way done just that. Thank you so much for allowing me to serve! [applause]

>> Mayor Reed: Next item is the consent calendar. Any requests from the public to speak on the consent calendar? We have a lot of cards in there but I doubt if they're on the consent calendar. Is there anybody that

wanted to speak on the consent calendar while we're going through the cards, come on down and speak at this time, Mr. Wall. This is just on the consent calendar. There's obviously other things that people will speak about later.

>> Good afternoon. The purpose of this speech is to request the city council use section 416 of article 4 of the San José city charter to make an investigation into the applegate Johnson settlement agreement. There is significant questions as to impropriety, and poor management, that is resulting in a \$440,000 gifting of liquidated damages that according to the two funds, fund 475 and fund 392, there is no restriction that that money could be used directly to the General Fund the questions of how did this oversight become in the first place management oversight to allow \$447,000 to accrue and secondly in dealing with the new market tax credits prerequisites of having to have a contractor on board with the necessary bonding and insurance requirements, not having that and making a deal with Applegate Johnson who has been awarded the contract for environmental innovation center for they did not have the bonding or insurance requirements. That is another very poor management decision when dealing with a very complicated new market tax credit financing scenario for the environmental innovation center. Subsequent to even the fund 475, fund 475, \$was inappropriately used to fund for public art I believe an investigation is warranted due to the significant gifting of public money and the incredible incompetent decisions made by the office of City Manager in this regard. Thank you and good afternoon.

>> Mayor Reed: Ross Signorino.

>> Thank you, Mr. Mayor, members of the council. I want to speak a little bit on this marijuana initiative that's coming up, even on 3.4, maybe I should have waited until then but --

>> Mayor Reed: 3.4 will not be heard today.

>> Will not, but we'll do this now, the one on 216.

>> Mayor Reed: Okay.

>> Now I have a little bit of concern about medical marijuana. I don't want to deny anyone who need marijuana for medical purposes, there's no question bit, I'm sure we're all that way. But what puzzles me and what concerns me I should say is this: That there's no regulation that is for how many times a person can get there and get marijuana for their medical needs. Although you need a doctor's approval that's very true. But suppose now you can go there and get it as often as you want, as many times you want, and register in different outlets, so you can get it there. And then, create a black market in the City of San José. And sell it to people who want it, no matter what the price last to be, they pay for it, it's true, at the dispensary and then they can double the price and people will sell it maybe in the black market. There's something I don't know how you could possibly regulate this, because they have a doctor's approval, they get it, I don't know and I'm just wondering if we're not creating a black market condition. I don't know what possible solution you can come up with, that would solve this problem, and if we are creating the problem, I think we are creating the problem, and I think it's something that we should look at very carefully before we get into it. Thank you.

>> Mayor Reed: That concludes the public testimony in the consent calendar. Are there other items council will want to pay for discussion? Councilmember Constant.

>> Councilmember Constant: Item 2.6 please.

>> Mayor Reed: Understand Councilmember Campos is going to register a no vote on 2.7, that's that Applegate Johnson item, Councilmember Chu, is registering a no vote as well, and --

>> Councilmember Kalra: Yes.

>> Mayor Reed: And --

>> Councilmember Oliverio: Mayor if we're going to have that many no votes, I'd like to hear from staff so the public knows.

>> Mayor Reed: So let's pull off 2.7, 2.6 and 2.7 will come off, and the rest -- Councilmember Herrera wants to pull 2.9 so we have a motion to approve the balance of the consent calendar. All in favor? Opposed, none opposed, the balance is approved. Item 2.6, Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. I'd like to give a report on the Police and Fire retirement board meeting that happened on January 5th of this year. There were just a couple of items of note that I wanted to go over in a little bit of detail. First was an update on the investments. There was a presentation by the chief investment officer on the issues that relate to return versus risk in our plan. The discussion went on for quite a while. The summary of it is based that our plan has a low risk portfolio. And it's in the category of the lowest 20% of public funds. In other words, we -- our peer group is the one fifth of public funds that assume and take the lowest amount of risk. While we have outperformed our benchmark by .4% per year, we still have not yet met the actuarially assumed rate of returns that we had planned on. We then had a discussion on Cheiron's 2011 actuarial valuation report. This report came to the board based on the board's previous direction to assume a 7.5% rate of return on investments. The report indicated that based on that, the employee contributions would rise from 10.57% of payroll to 11.32% of payroll. And the employer, the City of San José's contributions would rise from 50.44% to 57.54% in the next fiscal year. This rate will continue to rise until it reaches approximately 67.8% of payroll, in fiscal year 2015. And then will level out in the range of about 63.5 give or take, each direction, for a number of years after that. To convert this into dollars that might be a little bit easier to put into perspective in our budget, the dollar contributions for the pension fund based on this valuation would be \$110 million for next fiscal year, and steadily rising to a peak of \$182 million of contributions in the fiscal year 2025. Both the actuary and retirement staff stressed the importance of continuing to decrease the risk of the plan. Primarily due to the extremely leveraged position that the plan is in. That leverage is a factor of 16 times, in relation to the actuarially accrued liability. For comparison purposes a typical plan is about a 3X factor in leverage. The actuary stated very clearly, that our plan, the Police and Fire plan, is extremely sensitive to volatile returns in the market. The actuary, as well as staff, recommends derisking the plan. By derisking the plan, that means that the investments, obviously, will have less risk but they will also return less -- a lower rate of return. Based on this discussion, the Police and Fire board did not accept the report. They asked the actuary to return in February to consider changing that assumed rate of return to 7.25%. And that is what had been previously recommended by both the actuary and the staff. If the board takes that action next month, that means the contribution rates for the Police and Fire plan will rise from the \$110 million previously mentioned to approximately \$122 million, going up approximately \$12 million. And then, in addition, I'd like to just let the board and the public know that both plans have completed their CAFR reports. Both reports are full of information, not only about the plan and the benefits, but the fiscal status of the plan as of June 30th, 2011. Thank you, mayor.

>> Mayor Reed: Thank you, Councilmember Constant. Item 2.7, was regarding Applegate Johnson contract. You had a question on that Councilmember Oliverio.

>> Councilmember Oliverio: people want to vote against it and I probably am inclined to possibly as well. But I think that should be really explained so that the onion is peeled back as much as possible if we're going to have this type of thing on the agenda. So just I'm looking for staff to give background and thiech thing.

>> Mayor Reed: Okay, we'll --

>> City Attorney Doyle: Let me take a stab at this. This is dealing with resolving a claim and dealing with the same contractor on awarding a contract for the new market environmental innovation center. Applegate gons has done some projects before, specifically fire station number 19. As a result of the construction at fire station number 19 the city had a claim alleging delay damages of about \$282,000 and thee are liquidated damages as part of the contract. Be at the same time, a separate contract was let or bid, and was awarded to Applegate Johnson for the environmental innovation center. That you may remember was a very complicated transaction, because it involved the very novel tax credit financing. And the dilemma the city was put in was, the lenders, who are private lenders, required that the city show a commitment to the environmental innovation center by bidding and awarding a contract to show that it was committed to the project. The city did that. After the city awarded the contract, the lenders came back and insisted on additional insurance requirements of the contractor which the contractor Applegate Johnson was not required to provide under the bid documents. So there was some discussion. The Applegate proposed that we compromise the liquidated damages claim by essentially walking

away from that claim and in exchange they would provide the necessary additional insurance that the lenders were requiring. The problem is, it really gets down to a financial decision. Staff estimates that it was almost \$400,000, 370 to be exact, that would cost if we had aborted the new market tax credit or the environmental innovation center project. And the exchange was walking away from a claim. Again, it was only a claim at this point of \$282,000 in liquidated damages. Not something that we want to do every day. But typically when you get into situations of settlement and difficult negotiations, you walk away with what you think is the best deal. I don't know, Dave, if Dave Sykes director of Public Works is here if he wants to add anything.

>> If I could add a little bit. I think the reemphasize what Rick already said, we had awarded the contract to Applegate when the situations came to us. We were in a situation of making the contract work. Had we known about the requirements we would have put it into the bid specs that we went out on the market. We would not have been in that situation. This is not to say we have not had our concerns about the performance much Applegate. We have. We want to make sure they are successful on the environmental innovation center and we are actively working to make sure that happens. We want to emphasize that the requirements that were set forth from the new markets tax credits came after we awarded the project to Applegate.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Just a question, Dave or Rick. I understand in public contracts the additional bonding and insurance requirements new market tax credits they typically require these?

>> Well, this is a first. This is the first time we did this type of financing.

>> Councilmember Liccardo: Right.

>> City Attorney Doyle: It was an add-on that no one had anticipated.

>> Councilmember Liccardo: I understand we looked at other projects this is something we should routinely expect with e-going forward with this type financing?

>> I certainly think we should learn from the experience and try towns the requirements of the funding sources and we do a pretty good job of that but given that this was a pretty complex type of funding plan, and the requirements, as I mentioned didn't come to us until later on, certainly in the future we'll do whatever we can to try to predict that. Understanding that this is a more common way of approaching funding in the private sector is helpful to us and certainly as we go through a lot more kind of partnership type process in funding projects I think we'll be more in tune to that in the future.

>> Councilmember Liccardo: Okay. Yeah, I agree it is a complex deal. I can remember debating this several months ago and everybody on the dais had their head spinning and just to make sure we're clear. If we don't settle this deal as it's contemplated here, we'll swallow \$370,000 in cost, we'll have \$282,000 in uncertain or disputed revenues we might get in liquidated damages, assuming that whatever we litigate we ultimately get that, and we'll have no project going forward, no new market tax credit financing.

>> City Attorney Doyle: There is an update to that. At the time we were going into closed session and we took into closed session that was the case. Applegate relied on staff's recommendation that they would be presented to council in closed session. They are on the job doing the work so it's a done deal subject to council's final signoff but they're relying on the fact that staff said they would bring this forward.

>> Councilmember Liccardo: Right. The point of this is we had a whole lot more to lose by not settling than we could possibly gain by backing out. So I absolutely support this.

>> Mayor Reed: The other thing to keep in mind is if we had known six months ago about this requirement, it's a \$300,000 cost, we would have put it in the bid package and all the bids would have come in \$300,000 higher because everybody would have to absorb the cost. So it doesn't probably change the cost of the project. It does change how the funds are allocated and where they come from and the staff is recommending a way to work that

out between the ESD budget and the fire department budget which seems reasonable to me. So I'm going to support the recommendation. Councilmember Herrera.

>> Councilmember Herrera: I'm going to support the recommendation for the reasons that Councilmember Liccardo just brought forth here. I think it's far worse not to move forward and it looks like we got lessons learned on this definitely. It's the first project we've done with new market tax credits. But I want to praise staff for moving forward and looking into this because we don't have a lot of vehicles we can move forward in trying to finance things. So I think even though it -- maybe if we'd known this sooner things might have looked a little bit better, we need to move forward on these kinds of things to break ground to get new projects going forward, so I will be supporting this.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor and thank you, Councilmember Oliverio to bring it up for discussion. I register a no vote, understand that this is a done-deal. I know that I'll be on the losing end. But the reason I register a vote, a no vote, is because I got some additional information during lunch time with Mr. David Wall regarding to some mis-- misuse of funds from 475, but also, I wanted to bring it up, so we can avoid a similar situation in the future. I guess one question I have is that since we were awarding this contract, MTC, understanding that we are in the litigation with the Applegate, does the city have any policy to prevent entering into a contract with a general contractor where we're still in litigation?

>> City Attorney Doyle: No, we don't. The -- you know, under the city charter, and state law you have a -- you have to award contracts to the lowest bidder. And it's lowest responsible bidder. And unless you do -- you being staff bringing forward to the city council a -- evidence of the contractor is not responsible, and having a formal nonresponsibility hearing, and the making evidentiary findings that the contractor is not responsible, under the law you cannot reject a bid merely because you're in litigation over a party. Now, frequently we try to negotiate with contractors like that. But in this case, there was no prohibition.

>> Councilmember Chu: Great, thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you. I think this is a serving because Applegate Johnson basically maneuvered back into a corner and knew we wanted this project to go forward. And so on an unrelated item essentially asking us to drop it in exchange for them you know, covering the insurance and the bonds. And there's a problem with that. You know, we know that there were -- that they didn't complete the project, the fire station project on time. We were seeking almost \$200,000 in liquidated damages. And clearly, and if I can ask David, at MTC, is this from your -- from at least your understanding is this some that's new that they're requiring or is this something that they're requiring that other -- other organizations typically don't require of public agencies? In other words do they always require this but or is just in this case they decided to and they told us just really way too late?

>> I'm not sure if they always do. As I understand it they are applying a standard that they've had on the public sector and now we're kind of using a public -- sorry private sector, we're using a private sector model on the Public Works serkt. In the public sector we're using different type of bonding and they applied it to a public sector job and in my experience for the first time for us.

>> Councilmember Kalra: So the effort was made to approach them and say look, you know, you came at us so late with this, we've already gone out to bid and is there other arrangements where -- could there be other arnlts to avoid us having to do the full bonding or do at least what they were requesting in this particular case?

>> We actually did ask those questions. There were some adjustments that they made because some of the requirements were late in coming. But in this particular area they're not willing to adjust their requirement.

>> Councilmember Kalra: Uh-huh. And Rick, as you indicated you know, that there could be situations I guess if it was the will of the council, if you do have irresponsible contractors, or you know, if we have an example at least here where our legal team certainly felt we were entitled to liquidated damages for fire station 19 and now we're

dropping it. But aren't those the kinds of actions that can help build the case to strike the contractor from the list and put them in the irresponsible list so we don't go through this with Applegait gons again?

>> City Attorney Doyle: In any case, nonperformance by a contractor, you can make the case. And that's something that I think you know we're very mindful of this contractor and we're watching and I think the director alluded to the fact that they're watching this contractor on the job, and so far performance on this environmental impact or innovation center is going along fine.

>> Councilmember Kalra: And so how much extra money are we spending having people on the site?

>> City Attorney Doyle: I don't know --

>> Councilmember Kalra: All I'm saying is that adds up to cost. It may not be in the bid but they are certainly costs we are incurring that we ordinarily wouldn't incur if we didn't have a lack of faith in the contractor.

>> City Attorney Doyle: My point is simply that we're making sure that we are going to be in a position if we do have problems that we can come back to council with that evidence or that information.

>> Councilmember Kalra: The waiver of liquidated damages is it a complete waiver or is it any opportunity, was there any opportunity at least or is there an opportunity in the claim -- in the waiver of the damages to at least have some statement that they acknowledge some wrongdoing in terms of not completing the project in time?

>> City Attorney Doyle: No, it's a waiver of the amounts on all claims. And it's purely an exchange for, an exchange for them obtaining the necessary insurance. They would -- we would release and drop the claim of these.

>> Councilmember Kalra: I understand the business case for it. I just feel we're not protecting monetarily it makes sense so we can go forward with the project. You know yes, we can use -- we can certainly use any past experience with them against them. But by waiving the claim altogether that certainly is less potent than at least having an acknowledgment that they were -- that they were at fault in delay of the project and then say well you don't have to pay us any damages and make the business arrangement that they'll cover the bonds. Was that contemplated at all?

>> City Attorney Doyle: I think -- you know this negotiation was one of trying to get a win-win for both and get the environmental innovation center moving. Because we were under a very tight closing date with our lenders on the new market tax credit. And we had to complete this by I think at the end of October.

>> Councilmember Kalra: Again, we were -- they knew we were backed into a corner and they took advantage of that and I just think that it certainly sets a bad precedent in terms of working with this contractor again in the future when we don't have a mechanism to really penalize them for their actual actions in working with us as a city.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. Ash articulated it exactly the reasons why I wanted to register a no vote. Getting backed into a corner and being forced into a decision using taxpayer dollars, it's not good. It's not good practice. And Applegate Johnson knew exactly what they were doing. They should have, if they wanted to bid on projects in our city, one, they should be responsible enough to follow -- to follow their commitments, follow through on their comilts, and that is, to complete the project on time. When we were -- even on the innovation center there were issues, with the applicant. You know, with subcontractors. You know when something starts to feel bad and we were backed into a corner then because we were responding to the new markets tax credit. I think it should be clear that it isn't about the innovation center or the tax credit. This is about the performance of the contractor. And I -- as Councilmember Kalra talked about, we need to come up with a method or a system, so that this doesn't happen to us again. Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: This is certainly fun, and certainly, not a great day for public viewing of the client here. There's a high level of complication as you've heard. Sometimes organizations both public and private make mistakes. But in public, it gets you know put out in the public and I'm not blaming anything on anyone because we've had extensive discussions on this in closed session. And inevitably why we're here in public session, we took a vote in cloached session to bring it here. When I look at the perspectives I thoroughly recognize what the City Attorney described and what Councilmember Liccardo mentioned as far as what are the things of not doing this. I recognize the comments brought by my other colleagues but for my case, I remember voting against the environmental innovation center because I felt there was a risk to the General Fund at some point. And so being that I didn't vote for that project, then I find it fair enough to not vote for this item today. Although I fault no one because we had excessive closed session discussions about this. -- extensive closed session discussions about this. .

>> Mayor Reed: I think that being being finishes the comments. I need a motion. Motion to approve staff recommendation. On the motion, Councilmember Herrera.

>> Councilmember Herrera: I think this is very important to move forward with this. If we vote no, we will basically kill the environmental innovation session.

>> Mayor Reed: I hope my colleagues will join.

>> Mayor Reed: , opposed, I think passes on a 7-4 vote completing, no not completing the consent calendar. We still have item 2.9. Councilmember Herrera. That's a 101-Yerba Buena item.

>> Councilmember Herrera: Thank you. Ordinarily I wouldn't pulled this off but I just want to ask a quick question on the supplemental that staff submitted. So I want to thank staff again and since I am pulling off I'm going to again say how great this project is of course and how desperately it's needed by residents, not only my district I think it also affects district 7 as well. I've supported this from the beginning. This was the number one issue that was raised when I first ran for office is getting this 101 corridor completed, so we're all happy it's moving forward. So in terms of this item it is basically right-of-way acquisition, right? I understand the city acquired these rights in the '80s and we are just working out the transfer agreements. In terms of the supplemental you highlighted additional cost in terms of the maintenance of the sound wall and title cost. I just wanted to know is there any significant costs dealing with the title transfers and do you have any concerns that this could delay the project in any way?

>> Hans Larsen: Mr. Mayor, members of council, Hans Larsen, director of transportation. Councilmember Herrera, simple answer is no. This action is to facilitate the implementation of the project. There's some properties that we need to transfer easements. We're disclosing the supplemental memo that there will be a subsequent freeway maintenance agreement with CalTrans, where we maintain the back of the existing sound wall with which we do today. And any local street facilities involved with the interchange we're responsible for the maintenance of that which we also do today. So this really just kind of clarifies essentially what is there today with the existing interchange. And paves the way for the expansion project that we're all eagerly awaiting.

>> Councilmember Herrera: And so those additional costs will come back to council? I understand that they're going to come back for approving the additional costs. Consent item or something?

>> Hans Larsen: We would subsequently execute a freeway maintenance agreement with CalTrans. We don't presently have one with them. So this is really a routine matter and it's no different than any other freeway interchange that we have in San José. The other thing I might note on the supplemental memo part 2 is that CalTrans is expecting that we provide clear title for any properties we transfer to them. If there's any issues associated we'd be responsible for those. We come back to council if there's something that we need to pay for in that regard.

>> Councilmember Herrera: So any cost associated with that you'd come back, okay.

>> Hans Larsen: And I'd consider those to be fairly minor.

>> Councilmember Herrera: Thank you very much, appreciate the thoroughness and I move this item.

>> Councilmember Pyle: Second.

>> Mayor Reed: Motion for 2.9, all in favor, opposed, none opposed, that's approved, that completes the consent calendar, we take up 8.2, the independent police auditor's report umpteen years and we will have a presentation from our independent police auditor, judge Cordell, welcome.

>> LaDoris Cordell: Good afternoon, mayor and city council members. I am LaDoris Cordell, I'm the independent police auditor for the City of San José. With me from my office today are the assistant independent police auditor, Shivaun Nurre sitting beside me and shortly sitting beside me to my right, our analyst 2 Brenna sillbury, thank you for allowing us to present the first ever made to the San José police department, since 1993. I promise you that I shall be brief and at the same time, I hope, informative. Our undertaking of this audit is not among our mandated responsibilities. We did this audit in addition to our mandated work. Because it brought important information to us, to the San José police department, to you, and we believe, to the public. I shall divide my presentation into two segments. By first describing the process that we utilized in conducting the audit and second, by highlighting some of the findings of the audit. The purpose of the audit was to assess whether or not the recommendations that our office has made to the San José police department and which were reported as adopted by the department, have in fact been implemented. The IPA has made 109 recommends to the police department between 1993 and 2009. This audit does not cover the recommendations that our office has made to the police department under my tenure that commenced in mid 2010. The process was very straightforward. We notified then Chief Davis of the audit in the summer of 2010 and requested that he provide to us documentation confirming that the recommendations reportedly adopted by the police department had in fact been implemented. I am fortunate to have an audit whiz. That would be Brenna sillbury her work as you will shortly see was superb in response to the audit request Chief Davis assigned the documentation collection to lieutenant John spicer and Sergeant John seaman of the research and development department of the research department in the fall of 2010 thanks to their hard work we received the documentation. It fell next to Brenna to go through every piece of paper to determine if the recommendations had been implemented and whether there was documentation to support the implementation. And if you'll look behind me on this ledge you'll see a stack of the documents that were produced by the San José police department that Brenna had to go through page by page. In some instances we required additional documentation. And once Brenna completed her review, followed by subsequent reviews with Shivaun and with me, there were some other questions. I then met with chief Moore and assistant chief Gaute, is a thorough objective and informational audit that we bring to you now. The cooperation of San José police department's leadership and the R&D unit was stellar. This was not an adversarial process. We met, discussed and thanks to this audit have closed the loop on a number of previously issues. Of the 109 recommendations and that's on the slide now, of the 109 recommendations that the IPA office has made to the police department, 78% were adopted. 11% were not adopted. And 11% were deemed obsolete. Our audit focused upon the 78%, that SJPD reported as adopted. That would be 85 recommendations. On the next slide you will see that of those 85 recommendations, we determined, from the audit, that 86% or 73 of those recommendations, had in fact been implemented by the police department. And that meant that 14%, or 12, had not been fully implemented. We are pleased to report that after discussions with chief Moore, and assistant chief Gaute, there are now specific time lines for the implementation of 11 of the 12 remaining recommendations. So first, just a brief word about the 86%, the 73 recommendations, that we deemed fully implemented by the police department, and that are highlighted on page 2 of your council memo. There have been several important and positive impacts that resulted from the IPA recommendations. For example, officer-involved shootings received greater scrutiny. Our office participates in the shooting review panel, following these incidents. The right of bystanders who witness police conduct to obtain officers' badges and names when requested was one of the IPA recommendations and that's now memorialized in the duty manual. Improvements to the San José police department's lobby area that have made the area more hospitable to the public were the result of IPA recommendations. And now I direct your attention to the 12 recommendations that the audit shows had not yet been fully implemented. The 12 are noted on pages 3, 4, and 5 of your council memo. I'll briefly touch on just three of them. Excuse me, four of them. In response to our audit the police department is make major revisions now to its early warning system. That identifies officers at risk of engaging in misconduct. In June 2012, the revised system will be in place. By December 2012, SJPD will include in its duty manual a nonretaliation policy and a whistle blower policy. Our audit showed that ethics trainings for SJPD officers although adopted and

implemented in 2000 had ceased as of 2002. Our audit has prompted SJPD to restart its ethics training for all officers commencing July 2013. Our office recommended in 2004 that the use of less than lethal weapons such as tasers be tracked and analyzed. While the audit confirmed that SJPD has been tracking such use, it did not confirm that the data was being analyzed. The chief has advised us that commencing January 2013, SJPD will implement a system that will allow the department to quickly and accurately track all types of force used and to sort the data by type of weapon. Our final slide. Finally we feel it important to bring to your attention some themes that continue to surface over the years in many of the recommendations. The most frequently recurring theme in 56 recommendations is the theme of internal affairs policies. Recommendations about internal affairs policies were first made in 1993. And continue to be made in 11 separate years through 2006. These recommendations range from, in 1995, requiring SJPD to offer complainants a choice to file complaints with either internal affairs or our office. To, in 2000, requiring IA to formally investigate allegations of officers who refused to identify themselves when requested to do so. To, in 2005, requiring SJPD to provide to the IPA a copy of homicide reports in cases of officer-involved shootings where internal affairs is involved. The next most common theme is professionalism and community relations. There have been 41 IPA recommendations on this theme. The first such recommendations were in 1994. One of which was San José PD's implementation of an onlooker policy for the treatment of people who witness police incentives. Recommendations with this theme continued through 2008. Another example is the recommendation we made in 2001, to provide customer service training for officers assigned to the information center located in the lobby of the police administration lobby. Third is the use of force that appeared in 22 of our recommendations. These recommendations made in 1994, '96, '97, '98, '99, 2000, 2003, '4, '5 and '6, range from ensuring that handcuffs are double locked, to designating officers to sever as liaison to a involved shooting to identifying alternate less lethal weapons and making them more readily accessible to the officers. It is important to note, and of some concern, that all of these themes, including the remaining four, objectivity and conflicts, timing of internal affairs investigations, bias based policing and early warning system have recurred throughout the nearly 20 years that the IPA has been making recommendations. I conclude by commending chief Moore and assist Chief Gaute, their officers and their administrative staff for their assistance with and support of our audit. While this was a positive experience, for us all, it was just as importantly a learning experience, and a wake-up call. Our office will continue to fulfill our mandate to recommend improved police procedures and policies with the goal to assist as best we can in making the SJPD the best police department that it can be. I thank you for your time and your attention, and I'm glad to take your questions.

>> Mayor Reed: I think we'll have a few questions. I didn't know if chief Gaute would like to make any comments before we get into questions. I would let her do that at this time.

>> Thank you, mayor, thank you, independent police auditor judge Cordell and her staff because this was as she said it was a good process, one in which we came together I think collaboratively on a lot of issues. I think there were definitely some positive and good things that came out of it as well as some things that we can learn moving forward to make our police department better and I think it also showcased a lot of things that we do well right now.

>> Mayor Reed: And there are many of those things that we do well right now. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you. I just wanted to start what I twil be a drum beat of praise so thank you judge Cordell for the work you and your team, it is obviously very comprehensive and it's great to have a comprehensive look of all the extraordinary work that's happened over many years. And you continue to set a very high bar. Your team does. So thank you. And I really also want to thank chief Gaute and captain Weggers and chief Moore because really we all recognize, one sure sign of professional effective organization particularly a public organization is one that opens itself to scrutiny and to criticism. And you do it willingly and I think as a result, it's clear that a lot is going well in the department, and you know, we're very appreciative for that particularly in a time of greatly diminishing resources. And certainly some of these recommendations, I think we'd all agree, are things that could probably be done with little or no significant expense. But some may require e-require a fair amount of cost. And you're department chief Gaute, has taken an enormous hit, you've lost close to twopped officers in the last year. With regard to the implementations that have to what extent can you attribute the implementation challenges to budget?

>> Most of the -- most honestly, Councilmember Liccardo, most of the implementations that we're going to make have been fairly easy that we can do with low cost. There are a couple like with the early warning system that

we're looking at, there is going to be a cost to that as well, because it's part of a software, as far as being able to track things. The best that we can. So a lot of the things that will require tracking, we will have to incur cost, software wise. But for the most part it is going to be things that can be done outside of obviously staff time that we'll be needed to collect some data on certain things but for the most part it's stuff that we can implement fairly easily. A lot of the ethics training that judge Cordell alluded to that we're doing it's something we're doing already as far as first contact training, which goes to the rudeness cost of that that we'll have to see down the road what those will be but they're certainly within our capabilities do.

>> Councilmember Liccardo: That's encouraging to hear and I think that's great and particularly when we look at recommendations like the apology letters, I think we can all agree there are lots of situations where an explanation or an apology will go a long way in terms of addressing the concern, and avoiding a lot of litigation and trouble down the road. So I look forward to the implementation of these and thank you again for all your work.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. Yeah, as expected, I also want to share my thanks. I think I had high expectations for judge Cordell when she came in as IPA and you've exceeded them tremendously. This is one example because it's almost been 20 years and to not have a look back at the recommendations that have been made really is not meaningful. It's great to put in those recommendations and to have them but if we don't take a look back and see whether there have been changes made or whether they have been implemented doesn't mean a lot. I think a lot of credit goes to our police department for actually implementing a majority of the recommendations over the years. And so I certainly want to thank you judge el Cordell and Brenna for all the work you've done and chief and captain and I know chief Moore I've been interested in these issues when I was a public defender and met judge Cordell and when I was in human rights commission and when he was head of background why your relationship is working so well and improving the police department. And I think that as Councilmember Liccardo indicated it's not -- you know any organization has to be willing to look at itself and allow itself to be looked at not because there's anything wrong with the organization but because there's always an opportunity to improve. And I think what this demonstrates, in fact if you look at the 12 recommendations that are obsolete over 87% of the IPA recommendations around 85% have been at least adopted and the few left to be implemented looks like we're on track in very short order to have them implemented in part or in whole. And so I think that this is a very good sign. I think that this model in the way it's working now is the way that it was designed to work. And it hasn't always worked that basis point I think we all know the history. A lot of it has to do with relationships. But a lot of it has to do with the commitment. And I think both our independent police auditor as well as our command staff at the police department had that commitment to work together to improve the police department to serve our residents. So I just want to -- I don't have questions on the report. I think it's very simple to read, it's easy to understand and it's very thorough and I appreciate that and I just want to thank all the parties involved in really improving our police department and looking how we can improve it in years to come. Thank you.

>> Mayor Reed: Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you. assistant chief Gaute and all your heart working staff. You know, several years ago we had these two same organizations who didn't really see eye to eye on many critical issues and I just think it's so wonderful to see the transformation has taken place and now we have -- every time we have an issue that involves the IPA report and issues relating to the police department we have such a collaborative effort from the leadership of both organizations. And I think that's something that really you know put a great emphasis under the leadership of judge corntd and chief moor I move acceptance of the report.

>> Second.

>> Mayor Reed: We have a motion to approve. Councilmember Pyle.

>> Councilmember Pyle: I just wanted to join in the long list of thank yous to all. I appreciate the fact that so much professionalism was put into the report on everyone's part. There is a tremendous amount of finest and knowledge that totally makes the difference in my part from the reference of understanding on both sides. I think

the goal is so super that everyone knows that this is meant for the betterment of all. Including the public, it's so that is really to be commended. I think too, officer -- chief Gaute can tell me better than I can figure it out and that is, I think officers may very much appreciate the fairness that is intrinsic to whatever has been done. Would you say that was the case?

>> Absolutely. Councilmember Pyle, I think fairness is a big issue, and it's something that the judge and us have spoke about quite frequently. When you come to matters like this, that is the important.

>> Councilmember Pyle: And a tremendous understanding of the needs not only of the public, but also of the officers. And truly it's a scary job and I think there's a tremendous amount of understanding of the obstacles that are confronted. And I think it's extremely comprehensive. I really enjoy reading this, and thank you very much for all your hard work and thank you for indulging me to the proper thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you. I just want to add my praise to everyone else's. I really appreciate judge Cordell, I have sings the beginning when I supported you in this position. The way you've gone out to the entire community, my absolute best speaker that is coming around to this whole community and now this report is just -- I wouldn't expect anything less. But it's really great. The thoroughness, your presentation, excellent. And praise to assistant chief Gaute, the Chief of Police and again, the fabulous working relationship that you guys have established. When I think of IPA now, I mean I think before I always think about a complaint. I think much more than that now. I think about it being an integral part of making Public Safety better in San José. That's the first thing that comes up to me and I think it's also for the residents in San José who know, who are becoming very aware of all the good work you're doing. Thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. It's all been said. But I'll just finish with, this really speaks to the leadership in both departments and I feel very honored to have worked with you. I wouldn't call it working. I think you do the work. But also, blessed that you folks have chosen public service and chose this city and we are the better for it. Thank you for everything you have done. I probably should have started with my question and in closing messed up with that. But there was a reference to December 31st and I believe it was the public intoxication -- is that the right one -- go back.

>> LaDoris Cordell: Yes.

>> Councilmember Rocha: Has that been provided?

>> LaDoris Cordell: We have not yet received the 100 incident reports that reflect 647 arrests.

>> And they are coming, part of that was on issues that were going on litigation wise. We were getting different -- we were trying to pull from the same pool and it was just the staff time and they are en route.

>> Councilmember Rocha: Thank you both.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. I also want to commend you judge for all the work that do you. And if there is a word or phrase that I can use, is our community, August segments of our community that connect with you and that is important. It is so important that they connect with you because they are going to be much more honest with you when they trust you. And so my hat's off to you. And a couple of things that come to mind. And I'll choose one. Back in I think it was May there were a string of homicides and Councilmember Liccardo put together a community meeting. And I joined him. It was the border of my district, as well. And it was a very, very heated community meeting. But your staff, how they were able to just go in, and listen. Because a lot of times when people are talking, some of the natural things you want to do is interject and try to make things better. But they listened and I think that says a lot. And our community appreciates that, and so do we, thank you.

>> Mayor Reed: Judge Cordell, did you want to rebut that?

>> LaDoris Cordell: One final word, one final word is that it's always rewarding and it's easy for the leader to get the credit. And I appreciate the thanks and the kudos. But I just stress again, Brenna did this work. She went through every piece of paper. She put together these slides. Put together this in a way that it can be easily understood. My whole thing is making this as user-friendly so that our audience is the public. And our audience is city government. So that this is not in any way to be -- have to -- one has to navigate one's way through this. And she did a phenomenal job. So I stress, just want to say that she really deserves the credit on this. And I thank all of you for your continuing support of our work, and I thank the leadership of San José PD, also present is Lew tent Wager who is the commander of internal affairs. He has been phenomenal in his work as the commander and also in our interactions. Because we do have to interact with internal affairs. The relationship because of him again his leadership has changed dramatically. So it's a very positive one. We don't always agree on everything. But we're not disagreeable. And I think that's just so critical to all of this. So I thank you for taking the time to read this audit and will continue to do the best work that we possibly can. Thank you. [applause]

>> Mayor Reed: I have one request from the public to speak on this item. Ross Signorino.

>> Thank you, Mr. Mayor. With all the constraint that are on our police department because of the budget conditions that we're going through right now and they seem to be doing a tremendous jobs and they're all to be congratulated here, but I find it very interesting to see in the paper, where our police department caught four, I believe it was four people that do all this graffiti around, in the city, and millions and millions of dollars in damage, and how the police department did this, and was able to find these people is a mystery to me. But I want to congratulate them on the job well done under the constraints of the budget that they have and still be able to do an excellent job in that regard. Thank you all very much. Thank the police department.

>> Mayor Reed: That concludes the public testimony. I think I'm going to give the City Manager the last word it seems.

>> City Manager Figone: Thank you, mayor. I just also wanted to make a few comments. Really the council has said it all but I get to work with the judge quite often. And have just come to really respect what a marvelous leader you are and the tone you set with your staff and very impressed with the care that you have to ensure that our community has a just and fair policing system. And to the staff, you just need to know the judge also thinks about you all the time. And wants to do her best to ensure that you have the tools that you need to do your best. And I really appreciate the staff, chief Gaute, chief Moore, lieutenant Wager for certainly weighing in as necessary but the way you approach the feedback is just marvelous. So thank you.

>> Mayor Reed: We have a motion to approve the report and recommendations. All in favor, opposed, none opposed, that is approved. Thank you very much. Appreciate the cooperation, collaboration and good work by both departments. We'll now turn to item 3.1. [applause]

>> Mayor Reed: Report of the City Manager.

>> City Manager Figone: Thank you, Mr. Mayor. This is my first City Manager's report of the new year so first of all welcome back everyone. And I hope you had a good break and are ready for 2012. Just a few reflections. 2011 closed on both a good note and a bad note for San José. And although the topics of this report are ones that you're familiar with I think they're good examples of the exciting and the challenging times that you all lead, and we manage, and the importance of our continuing to do the heavy lifght as we move forward. So first the good news. In late December all Nippon airways, Japan's largest air carrier announced that it will launch nonstop service between San José and Tokyo early next year. This is an outstanding achievement and the result of the strong community partnership led by Mayor Reed with the active support from the city council, the Silicon Valley leadership group and our business community, our awrpt and city staff. It's an excellent example of how we work best in our community, which is, we work together. So thanks to all who helped make this happen. We are looking forward to further positive news this year. As for the bad news, the California Supreme Court ruled against cities and redevelopment agencies at the end of December with its decision to eliminate redevelopment agencies. Along with cities across the state we were disappointed with the decision. It eliminates an effective and

successful tool to eliminate blight, revitalize our communities and neighborhoods, build affordable housing, and create jobs throughout our state. This will be a major topic for San José this coming year as we wind down the affairs of our Redevelopment Agency. There are many open questions, and many complications. We're now working to understand the consequences for our budget. And our residents, and our economy. And we'll be working with the state and other cities to determine what we can do next. Staff is flong bring this issue back to issue later this month. I expect it will continue to be a major factor that will affect many of our decisions this year. Including how we not allow this disappointing decision to cause San José to miss a beat, in finding new tools to continue to make this a great city. Finally, with the new year I am looking forward to working with the council, the community and our greatly employees to meet our challenges and turn the corner and I know we have much work to Do do together but I'm optimistic that we will make great progress in 2012. Thank you, mayor and council.

>> Mayor Reed: Next item is 3.5, the services forts and imlaments of 2010-11. Presentation by our City Auditor Sharon Erickson. Will start this item.

>> Sharon Erickson: Good afternoon. You should have a presentation at your places and it will be up on the screen. This is the annual report on city government performance for 2010-11. Physical problem. There. I forgot the channel-flipper. In terms of background, this is the disawdz's fourth annual service efforts and accomplishments reports for the City of San José. It is a nontraditional type of audit report in that there are no recommendations to improve city services. The report is intended to be potential informational. It is intended to include to good governments decision makers with timely accurate information, and independent analysis of city services. Using data available from city departments, the SEA report highlights performance reports and compares those results over five years. The auditor's office compiles and reviews department performance data for reasonableness. The report provides insights into service results, more detailed analysis would need to be done on some questions by departments, of course. The report summarizes activities for the year ended June 30, 2011. In 2010-11 the city's departmental operating expenditures totaled \$1.23 billion or about \$1374 per resident. That includes 303 dollars per resident for police services, \$192 for environmental services, which in this case is -- includes wastewater treatment, recycling, garbage, storm water, potable water, for some of our residents. It includes about \$160 for fire service. \$68 for transportation, which would be streets, among other things. \$62 for parks, recreation and neighborhood services and 2010-11 was the ninth consecutive year of budget cuts in the City of San José. Operating expenditures were about 4% higher than in 2009-10. 14% than five years previous hour, during the five-year period the City's population increased by 5%, and inflation was 9%. What we also saw happening was the drop in citywide positions. We went to 5,906 full time equivalent positions in and 15% fewer than five years previously. In addition we found that as many as one in five employees who were here in 2009-10 left the city in 2010-11, mostly as a result of those position reductions and 1 in 10 employees was bumped to another job. This has of course significant impacts on city services. In terms of overall city resident satisfaction, this was San José's first year of participation in the national citizens survey which is a statistically valid survey used nationwide to track residents' opinions about community and services provided by local government. The survey was conducted in September 2011. 62% of residents rated the overall quality of life in San José as good or excellent. 72% found San José as a good or excellent place to live. 45% rated the quality of city services good or excellent. 32% reported having some contact with City of San José employees during the year. Almost a third of residents. And of those, 58% rated their overall impression of city employees as good or excellent. A full report of the results that was prepared by the national research center that conducts the national citizen survey is attached to the report in the appendix. In alphabetical order I'd like to walk through the indicators for some of our large departments. The airplane as you can see in the graphic in the bottom right-hand side of the screen, served 4.8 million passengers, it was up slightly from last year but still down over five years. Commercial flights in San José totaled 91,000 which was 7% fewer than the year before and almost 30% fewer than five years ago. The airport accommodated 15% of regional air service market down from 18% five years ago. The regional market would include Oakland, San Francisco, and San José. Aimplet costs have risen much as a result of the completion of the \$1.3 billion modernization and expansion project. Annual debt service has gone from \$23.8 million per year to \$44.6 million per year. Over the last five years. According to the national citizens survey, 77% of residents rated the ease of use of the airport as good or excellent. Environmental services, as I said before includes wastewater treatment, recycling, garbage, storm water, water and municipal water. Utility cost for services have generally increased over the last five years, as you can see in these graphics. According to the national citizens survey, between 74 and 76% of San José residents rated garbage, recycling and yard waste pickup as good or excellent. I wanted to point out that the water pollution control plant continued through the year

to meet the regional water quality control board's permit requirements for water that's discharged into the San Francisco Bay. In 2010-10 the pollutant discharge requirements were met or surpassed 100% of the time for the eighth straight year. The fire department responded to more than 52,000 emergencies, 95% of which were medical emergencies. The initial responding fire unit arrived within eight minutes of responding -- of receiving the 911 call. 82.1% of the time. This is the fourth straight year the department met its timeliness goal of responding 80% of the time within eight minutes. 23 out of 33 fire stations met or surpassed the goal. The report does show the response times in number of responses by fire station. According to the national citizens survey, 85% of residents rate the quality of fire services as good or excellent. San José public library received the national medal for museum and library service. It was one of ten organizations nationally to receive the award last year. Branch libraries were open 39 hours per week, over five days of service. This was reduced from 47 hours per week over six days of service the year before. The main library was open 77 hours a week, that was reduced from 81 hours per week in the previous year. Total circulation, though, remains high. 13.7 million items including e-books circulated last year. According to the national citizens survey, in spite of these reductions, 68% of residents rated library services as good or excellent. Parks, Recreation, and Neighborhood Services, the city has 55 community centers, including youth and senior centers. Due to staffing reductions, the city staff operated only 12 of those centers in 2010-11. You can see the graphic of the number of centers that were operated by city staff over the last five years on the chart. One dish center was not yet open for -- one additional center was not yet open for staffing reasons 42 of its community centers were used by other community service providers in exchange for providing services that primarily benefit San José residents. The city operated facilities included ten hub community centers that were open 63 hours per week on average. Note that that was decreased July 1 of this year to 59 hours per week. According to the national citizens survey, nonetheless, 86% of -- well in spite of this, yek% of residents visited a park at least once during the year, 49% reported using a community center. 68% of residents rated park services as good or excellent. And as shown here, 54% rated recreation centers and facilities as good or excellent. In the area of development services, primarily the Planning, Building, and Code Enforcement department, the one stop permit center at City Hall received 27,666 customers last year. This was about 7% fewer than the previous year and about 40% fewer than in 2007-8. Despite fewer customers, though, the center has experienced more activity in 2010-11, as the number of planning applications, building permits and inspections, were all up compared to 2009-10. As the graphic shows, timeliness improved in five of the seven listed permitting processes, compared to 2009-10. This, again, was in spite of significant staffing reductions. According to the national citizens survey, 58% of residents rated the overall quality of new development in San José as good or excellent. The police department, like all departments, police department has experienced staffing reductions. Nonetheless, the department maintained average police response times for priority 1 calls. It increased only slightly from 6.0 minutes to 6.1 minutes. However, average response times for priority 2 calls increased from 12.1 minutes to 13.7 minutes in 2010-11. Nonetheless, San José's rate of major crimes per 100,000 residents has decreased over the last five years and has been below state and federal rates in each of those years. According to the national citizens survey, 61% of residents rate the quality of police services as good or excellent. In terms of transportation, and more specifically streets, in 2010, San José had a pavement condition index score of 64 out of a possible 100, which is considered fair, according to the statewide index. But as is shown in the graphic chart on this page, was in the bottom third of 109 Bay Area jurisdictions. The number of pothole repair requests continues to grow. Although the timeliness of corrective repairs did improve, this signals that the growth in pothole requests signals that pavement conditions has been deteriorating due to lack of funds. According to the national citizens survey, only 21% of residents rate street repair as good or excellent. And as the graphic on the right-hand side of the page shows, in 2010 there was a \$250 million backlog in street repair. In summary, again, I can't state often enough, 2010-11 was the ninth consecutive year of budget cuts for the city. Although operating expenditures were higher than five years ago, the city had 15% fewer employees than five years ago. The cause of that is rising employee costs of course. We are seeing the impact in service metrics that we monitor on an annual basis as part of this SEA report. For example, the city maintained priority 1 response times for police, but priority 2 response times have declined. We circulated 13.7 library items, despite decreases in library staffing and decreases in library hours. We reduced the number of community centers operated by staff. But managed to keep many centers open as part of the community center reuse program. The impact of additional reductions in the current fiscal year, that is, the year beginning July 1st, 2011, will be reflected in our next report. So my recommendation is, again, it's an informational report. I recommend you use this report as background to help inform residents what they get for their tax dollar. And for you, as background in the upcoming budget process. And with that I recommend that you accept the annual report on city government performance. I did want to point out that copies of the report are available from the City Auditor's office, and online at the address shown on the screen. I want to thank my staff, of course, and the city staff that

contributed to this report. This type of reporting would not be possible without the support of many city staff compiling this data, and of course, for the services they provide. With that, we're happy to answer a few -- we have some staff here to answer some of the basic questions. Any detailed questions we'd have to get back to you on.

>> Mayor Reed: Thank you for the presentation. Thanks for the excellent work. I know that we all find this very helpful, and I believe the public does, too. Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. First I want to make a motion to accept the report.

>> Mayor Reed: Motion is to accept the report.

>> Councilmember Constant: And then I know I've said this before, but I always think that this is one of the best snapshots of our city that we can share with our residents. And I have an opportunity every year to share it with all my neighborhood leaders and individual people when they're talking about what they like or they don't like about city services. So I find it very valuable. I just want to thank you because I know it takes a lot of work to do this, but we appreciate it.

>> Mayor Reed: Thank you. I had one of your slides, I just have to point out, somebody got 100%. And that's really hard to do. So I just want to point that out. The fire plan check had 100% done in the right time frame. So that's good. That's a good record. Everybody should strive for 100%. We know it's rare. They're going to meet 100% but occasional they do. I just wanted to note that. It's good to know that we're watching, everybody understands we're looking, trying to get better every year and we've seen a lot of progress over the last year despite tremendous disruption in the workforce with the budget problems and the cutbacks and the layoffs and the bumping and all of those things. Our city workforce has done a great professional job, and I think that's reflective in this data and your report and I know they appreciate that little bit of recognition, for the work that they do. Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. And I remember last year when I first came on the council going through this. This is very helpful, and there was an issue that I raised and asked if you'd looked at something and it just struck me when you were talking, so I went back and looked and I think your response was, that's a good point we might consider that and I don't remember what it was. So I'll go back and look. I had a question on a couple of items and if you could help me. Page 18, the department operating budget. It's kind of related to the statement you made that the cost going up are directly related to retirement. And is that 100% retirement?

>> Sharon Erickson: No, by no means is it retirement. So inflation has gone up --

>> Councilmember Rocha: Oh you said employee cost I'm sorry.

>> Sharon Erickson: Employee costs are a primary driver. In the first part of the year what we saw was health care costs going up deeply, retirement costs going up now. And in spite of all city staff having taken a 10% pay cut we still see those numbers go up.

>> Councilmember Rocha: So in the item here citywide expenditures 181 million up 77%, what does that constitute? Left side column, about sixth one down.

>> Sharon Erickson: I'm sorry, what page are you on?

>> Councilmember Rocha: Page 18.

>> Sharon Erickson: 18.

>> Councilmember Rocha: Top one is airport attorney manager clerk, citywide managers.

>> Jasmine Leblanc, stawrdz office. There are a lot of things that the budget office has deemed to be either not annual, or things that cut cross departmentally as they include as citywide expenditures. and the biggest reason

for the increase is the tran. Ser oh, the tax revenue anticipation notes. Any time we are compiling these numbers it's very difficult to strip out the things that are debt services and those kinds of issues. The largest issues that Jasmine mentioned this year was the tran. The city issued approximately \$100 million worth of tax revenue anticipation notes in order to be able to pay the retirement costs upfront. Those were then repaid with property tax later.

>> And those are that type.

>> Councilmember Rocha: Thank you. Then I'm going to assume the item right below it, convention center or convention facilities increases due to the project.

>> Sharon Erickson: I believe that's correct.

>> Councilmember Rocha: And then I'll jump down to the only ones that really stand out to me were those. And then retirement, third -- second from the bottom and that also brings me to page 112 where it talks about retirement services. And authorized positions, increased, so I'm assuming there's a correlation between those two when you talk about employee costs.

>> Yes.

>> Councilmember Rocha: Okay, thank you. And I had I think one more question. Yes, page -- oh, actually back to page 18, I'm sure, there was one more. The graph on the bottom, annual employee -- employment turnover, one in 5 employees who were here left, so you mentioned I think my staff reached out to your office, and you said you weren't able to really quantify whether those were voluntary or involuntary. Were you able to qualify that statement?

>> Sharon Erickson: Right, where that is comes out of the city's PeopleSoft system. The number of people who separated out of the city, divide 50 total number of employee. So person by person we don't have in this system whether somebody was laid off, retired voluntarily, left to get another job, or whatever. The system isn't tracking those kind of factors. The city has talked at different points about doing exit interviews with staff but those items aren't tagged in the system so it's not data that we could easily get hold of.

>> Councilmember Rocha: Okay. I would expect that we would know, it's just that we're not really tracking it.

>> Sharon Erickson: The primary reason that we saw for this, I mean can you see the turnover is tracking around 5% a year. As you go across that graphic. And then it zooms up. And that's when we started laying people off, and reducing positions. So whether people were laid off, or the position was eliminated, after somebody left, that's the primary cause.

>> Councilmember Rocha: Okay. Thank you. Page 48. Wastewater treatment. Second paragraph. The last statement, pollutant discharge requirements were met or surpassed 100% of the time. Memory serves me correctly we had gotten some information about an incident at the treatment plant or is this a different type of category if I may ask?

>> City Manager Figone: I believe this is related to the requirements of the permit that allows us to operate the plant. I believe you mean the performance in meeting those requirements ?

>> Sharon Erickson: Correct. And this is for the year ended June 30th, 2011.

>> Councilmember Rocha: Okay, thank you. Oh, thank you very much. Page 119, pedestrian and bicycle injury accident graph. There's really nothing here for me to ask a question on. I just felt compelled to raise it. There's been a number of incidents in my district, one a block from my house where a young woman was killed in her car, and then another incident on Branham where a pedestrian was killed crossing the street. And it really clearly is an issue that I'm concerned about and I'll be tracking and watching. And of course you know I haven't come to any conclusion on how I want to address this outside of those individual incidents. The City Manager's office and the

Department of Transportation have been fantastic in responding and being very helpful. But again I just wanted to raise this issue. And I think that was the last item I had. Yes. Thank you very much.

>> Mayor Reed: I have no cards from the public on this item. That concludes the council discussion. Councilmember Pyle.

>> Councilmember Pyle: Sorry, I was a little slow on the uptake. There were a couple of things in this report, because it was all very interesting, very well done, I really enjoyed what you've done. But I'm concerned about a couple of things and I wanted to get some idea of what we might be able to do about it. When you consider that over the last five years our population grew by 5%, but our inflation was 8%. So that tells me that we are trying to pick up costs that we didn't have before. And that tells me that much of this is part of picking up the addressed in reference to a problem-solving get-together. And that our revenues have decreased by 5%, since 7/08. That is something that absolutely needs to be addressed, and then the fact that one out of five employees or 20% left the city for a variety of reasons. I don't know how many exit questionnaires have been done but I would hope that there is something and I would hope, too, that we take an extremely serious look at this. Because this is something -- we need to stem the flow. We need to find out why and keep the residents we have here. We have six disgraceful considering San Diego has receive, Sacramento 8 and San Francisco nine we are abysmally subpar extra jobs in addition to their job. That's not a good sign.

>> Sharon Erickson: If I could comment briefly, yes we've asked city employees to take a 10% pay cut and do 15% more work. So on that -- on the graphic, on page 19, can you see that over the past five years, our citywide staffing has gone down 15%. So people left because they were forced out. I mean, we have removed positions. The council doesn't take lightly, and I'm assuming laying off employees, and that's a large part of where that's gone. What was amazing to us is, when we looked and we saw the impacts on services, we saw how staff was protecting the basic services, so we didn't see the dropoff. We didn't see a 15% dropoff, in many of those service levels, which says to us that city staff are picking up the slack, reprioritizing and trying to meet those basic services. But there has got to be a lot that we're not measuring, that just fallen off the back of the truck. Just because there are 15% fewer people delivering services now than there were five years ago. And most of that has come in the last two years.

>> Councilmember Pyle: Well, we still have time to make some corrections, but I think we'd best hop on that as soon as possible. Thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, and thank you again, Sharon, for another excellent report. I really think this is so easy to understand and covers everything very comprehensive. A lot's already been said. I just wanted to point out one of the good news things in here. In terms of economic, our economic development office. Nearly \$10 of tax revenue was generated on every \$1 of spent that's a great number and we like those kind of ratios. I think it's very difficult to capture everything that's going out in the community right now. And in terms of how people are responding to our reduction in services, in different areas. So I am very concerned that we do everything we can to make sure we are meeting those needs out there. And yeah, I think there's probably some things that are falling off the truck. I know all of us up here are trying very hard to work with our community, to stay in touch. We're doing lots of creative things, working with all kinds of different partners and I must say the community has stepped up, in every community we've seen volunteerism on the rise, working with partners. I want to thank the community for stepping up and helping us fill those gaps. Thank you again for this report.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you. Also wanted to share the kudos for excellent work. I appreciate you in particular highlighting something in a recent remark. And that is, to find a silver lining what has been a very dark cloud here in the city. I looked at many of the indicators, somewhat surprised, shocked, pleasantly, that we haven't seen steep falloffs in performance because so many employees are working so hard to catch those falling balls. And so I think this speaks volumes about the professionalism of our workforce here in the city, and just how hard people are working to continue to serve residents, knowing that their numbers are shrinking and the responsibilities are growing, at the same time that their pay is shrinking as well, so thank you very much.

>> Mayor Reed: Okay, I think we're done. That concludes the discussion. We have a motion to approve the report. On the motion, all in favor, opposed, none opposed, that's approved. Thank you for your work. We appreciate it. It's very helpful to all of us and to the public. Our next item is 3.6. Recommendation to approve the terms of an agreement with the San José Police Officers Association.

>> Second.

>> Mayor Reed: We have a motion to approve. I'm certainly going to support the motion. I just wanted to point out that the men and women of our police department are making a major sacrifice along with all the other employees in the City of San José because everybody has taken a 10% pay cut, and measured in total compensation, that's a big sacrifice for everybody and the police officers are saving us \$22 million for the General Fund, and it makes a difference of about 150 police department, police officer jobs, as a result of their willingness to enter into this contract, and take the cut. And it's difficult and painful for most, if not all of the members of the department. But we appreciate that, and those officers who got to keep their jobs certainly appreciate it. And I just want to acknowledge that. Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. I agree with all of jury comments. I just wanted to add to them and say that this is a great sacrifice on behalf of the men and women of the police department. I think it's become somewhat routine over the last couple of years for us to assume that they're just going to step up and do what they just did. The reality is there are a lot of other police departments, a lot of other cities that are struggling around this state where the men and women that serve those jurisdictions don't necessarily step up in the way that ours do. Both in terms of how they provide -- terms of how they provide services to the community but also once again coming forward and giving up their wages in order not just to save the jobs of their -- of their fellow officers but to continue to be able to serve even though it's getting harder and harder to serve in this city because of the reduction in staffing. So they're being asked to do more both when they serve out on the street and they're also being asked to do more when they go back home and get a smaller and smaller paycheck. I think it's a sign of everyone coming together and sacrificing for the betterment of the city and I just really want to thank the police officers for once again, stepping up and really being selfless in their desire to continue to serve the residents of San José.

>> Mayor Reed: City Manager.

>> City Manager Figone: Thank you, mayor. I want to add my thanks to Alex Gurza and the city team for getting this done, as well as Jim unland and the POA team. They've continued to work very professionally through very difficult times and the officers for ratifying this. So thank you all.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I also wanted to express my thanks for all those folks. We've been through a very tough time. I'm hoping that we're soon to be scraping bottom and heading back north to a time when we can begin to hire officers again. And talk about pay increases rather than pay cuts. But I'm really grateful in the toughest of times that our officers stepped forward.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: I want to add my thanks, too, to Jim unland, the team, our city team in putting this together and all the men and women of the San José police department for the job they do every single day and for stepping up and making the sacrifice to help our community, and our city. Thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you. I not only want to thank them but I also want to say that some of the work that's been done has been absolutely brilliant on the part of the police department. For example, the one where the cars all came together, wedged the offending car in, and not only caught the perpetrator, but also, prevented

other people from getting hurt. I thought they just did a brilliant job of that and want you to know how appreciative I am. Thank you.

>> Mayor Reed: We have a motion to approve. I have no cards from the public to speak on this item. On the motion, all in favor? Opposed, none opposed, that's approved. Taking us to our next item. Which is 4.1. Amendment to the consortium funding agreement with the housing trust of Santa Clara County under the neighborhood stabilization program 2.

>> Councilmember Kalra: And mayor I'd need to recuse myself, I'm on the housing trust board.

>> Councilmember Liccardo: I'll also be recusing myself mayor.

>> Mayor Reed: All right, we have two councilmembers who are on the board, they are abstaining and leaving the room I guess here. I have one request from the public to speak on this, is there a staff presentation? I think not. Eugene Cheryl, I'll take the public testimony at this time. Mr. Cheryl.

>> I'm going to talk on the next one 4.2.

>> Mayor Reed: Okay, I'm sorry, we'll come back to you soon. We have a motion to approve on the motion, all in favor, opposed, none opposed, that's approved. Our next item is 4.2, priorities for expenditure of community development block grant funds. We have people who want to speak on that, in fact we have a lot of people who want to speak on that, in fact many of the people in the room want to speak on that. That is the main event in the afternoon. Staff presentation on this. I want to start by explaining why the staff is doing this, it's because the council directed them to. Those of you who have been sitting here which is a couple of hours this afternoon have heard about what's happened in our budget in other departments. And as a result of the budget that we went through and just recently approved back in May and June, we had to make a lot of cuts, in a lot of departments, in a lot of places and a lot of services. And as part of balancing the budget, part of the direction was to use some of the CDBG funding to pay part of the HUD loan section 108 loan which everybody's familiar with I think. But that was council action because we needed to provide funds for the General Fund, because we were laying off police officers. Cutting back libraries. Cutting back community centers. Cutting back anything and everything. And it was a necessary decision, built into the budget. And we are still in a position where the Redevelopment Agency is not going to have the capacity to pay the HUD 108 loan. That hasn't changed. And as a result of the Supreme Court's decision a couple of weeks ago, it's unlikely to get any better on the Redevelopment Agency side. We're unlikely to have any additional funding there. Although, you know, there's always hope that we'll find some other source of funding for these HUD loans. It was council direction for our staff to seek to find ways that we could use CDBG funds to support of the General Fund. This is one of those ways that the council approved in the budget so that's why staff is here with their recommendations. I don't think there is anybody in the room that is happy with their recommendations or happy to do this. I know the staff is certainly doing this because it's their job not because they want to. With that I want to turn it over to staff so they can make their recommendation.

>> Leslye Corsiglia: Thank you, Leslye Corsiglia, director of housing, I have with me Norberto Duenas, deputy City Manager, Jackie Morales brand, and Kip harkness, I'm not sure of your title anymore, assistant to the City Manager, we work with him on neighborhood issues and he's an important part of our presentation. We wanted really, we were going to start out and the mayor really smardz summarized what we wanted to say here, based on direction we received in June and the mayor is right. We would love to be here with millions more dollars to be able to allocate to all of the worthy programs that we funded in past years. Where we are, however, is that years ago we had a budget of about \$13 million in CDBG funds. And slowly through federal budget cuts, this number is now down to actually a little bit under \$8 million, is what our allocation is. We've lost our screen. There is an uncertain future. There's an uncertain future for CDBG funds. We had a -- we were expecting based on HUD decisions a 12% reduction this year after sustaining a 16.1% cut last year. And at this point, it could continue to go down. So that's something we have to be prepared for. The other thing that we're facing, as the mayor mentioned, is the reduction, and dissolution as proposed for the Redevelopment Agency. In the past we've also had considerable funds from the Redevelopment Agency for CDBG type activities. And this funding has gone. So that does impact our housing rehab program which has relied on 20% funds, and also, our strong neighborhoods, and our neighborhood outreach programs. The SNI program at one point had 33 positions, and \$43 million. It now has a budget of zero and six positions. So we're trying to work throughout the city in working with our

neighborhoods with a very strong but small contingent of staff. As far as the process to date for CDBG, usually, this -- we don't come to you at this point in time. Typically we come to you during the consolidating planning process. But because of the changes we're recommending in the program we've had some additional outreach. We do community meetings and have done community meetings that took place in August with, and we held five different meetings with the public. Homelessness was the number 1 choice of all five groups. And affordable and accessible housing was a priority of four to five groups. And others, other things were self-sufficiency, supportive service, and creation of jobs. We also had two council committee presentations, where we went over the requirements of what the CDBG program was, and discussed the narrower range of funding that we would need to consider based on declining dollars. And then, we had two meetings before the housing and community development commission, which has functioned as the community development committee. We used to have a separate committee just for the CDBG program, and now our HCD committee takes on that role. They did hold two hearings on that, including one in December when we did have quite a bit of feedback from the community. Just a reminder in our consolidated plan. We're required to meet what we state in our consolidated plan based on the needs that are identified, and the list on the screen shows what those priorities are that are in our five-year plan. Each year we're in the middle of our five-year plan but each year we come forward to the council with a one-year plan for implementation of that. So based on the feedback that we received in these various venues and the direction from the council, we've developed a proposal that meets HUD requirements, that continues the nonprofit partnership, that looks at CDBG funds not in a vacuum, but in a way that we can consolidate those funds with other efforts that the city has, and also, with funding from other effort. So we are looking towards banks and foundations and others to work with us to make our CDBG funding go further. According to HUD rules, up to 20% of our funding can be used for administration and in that pot we can use for administration and some limited planning activities. Secondly, we can use up to 15% of the funds for public service, which is the services, it's things like programming, direct service with people that differentiates it from community development funding which is more of your bricks and mortar, more of your community development activities, not direct services. HUD allows you to use up to 100% of your funds for this purpose. What our proposed program is, is to use the full 20% as allowed by HUD. However, to fund all of fair housing out of this category. We are recommending that 15% of the funds be set aside for public service. All for nonprofit programs. As the mayor mentioned, we are recommending that the CDBG funds cover section 108 debt service. Again this is the second year that CDBG would pay that debt. I should also note that of the total amount, \$340,000 is offset by loan repayments that come from one of the loans. Then we're recommending that the remaining funds be used for community development programs that would be administered by both city and nonprofit partners. So just to show this, to illustrate it a little differently and I apologize to those in the audience for the small lettering, with our recommendation, \$385,000 of the total available for this category would go for fair housing. And it's important that we fund fair housing. HUD requires along with our consolidated plan that the city adopt an analysis of impediments to fair housing and develop a program and plan for how we will meet those objects and that is part of our ability to continue to receive federal funding. So in recent years we have partially funded this out of the public service category. Because of the declining funds, we have made the conscious choice to fund it entirely out of the administrative category. This does reduce our administration for city staff and for the other programs that you see listed there. For the public service which is the 15% we are recommending that the following four categories be funded. One is foreclosures, still a very important problem that Weaver facing. We have thousands of people who are facing foreclosure, and the amount is not receding. We do need to focus on this. The city had an active foreclosure help center and that has had to be scaled back for lack of funding. And we would like to have a more aggressive program towards this effort. This does have a real impact on our neighborhoods. Focus, we have a city county effort, it was the highest priority noted from the community and we would like to use funds for case management and assisting with our efforts to provide permanent housing for the homeless. Senior services, we're recommending \$200,000 for senior services that we fund isolation activities that could include a variety of programs. Transportation was the number 1 need that we saw in the plans for seniors that the city has worked on. But also, meals and other activities that respond to the isolation of seniors in our community. And then lastly neighborhood targeted services and I'll talk a little bit more about one of the key components of our plan which is a place based strategy but this would provide funding for three specific neighborhoods, to meet their identified needs. All of these funds would be subject, awarded subject to an RFP except in the case of the neighborhood-targeted services and that really is going to be dependent on what the neighborhoods themselves desire. It would be competitive. It may be competitive but it may be awarded for a special purpose. And I should note that all of these activities would be citywide, senior services foreclosure and homelessness are recommended for citywide. For the largest pot of money which is the community development improvement funding, we are recommending that 1.3 million go to blight elimination. In the past we've called this

code enforcement. This is a reduction in the code enforcement line item, because of work that we've been doing with HUD to ensure that our program conforms with HUD requirements, we are -- we have changed the program a bit and we're -- and it really is a blight elimination program. So it's going to -- into specific targeted neighborhoods and fixing blight not just citing folks for code violations. So it will be an active program. Neighborhood cleanup can be an employment program. This is something where we would like to be able to clean up neighborhoods and potentially partner with some groups to help with job training as well, if that's possible. But facilitate the cleanup of some of our lower-income neighborhoods. Neighborhood improvements is infrastructure. It can be a whole variety of things. This could be nonprofit run, it can be city administered. This could be street lights, sidewalks, it could be community gardens. And/or food space, things of that kind but infrastructure. And those first three categories would be targeted to the three place based neighborhoods. So each neighborhood would be determining what its highest priority needs were. And then the remainder of the funds would go to housing rehabilitation at 2.125 million. This is a drop from prior years. And is more important now as I mentioned earlier, with the elimination of 20% funding for this purpose. Housing minor repair, this is also a drop. This program's been very important especially for emergency housing needs in helping our lowest income homeowners in the city with problems that they face, like heaters that fail in the middle of winter, water heaters that don't work, and other things like roof leaks and roof repairs that they need. And lastly the section 108 debt service. On the place based strategy, we are recommending that we create a place based strategy to have targeted impact. And initially are suggesting that we work in three neighborhoods. Franklin McKinley, Santee, Mayfair and Brookwood terrace five wounds. At the same time we would like to work with other neighborhoods to ready them for future action. We have picked the three neighborhoods because they have made some level of progress and we believe that with an infusion of some funds, that they can go over the tipping point. And Kip can answer more questions about how this might work, but we're excited about this. HUD does not want you to stay in neighborhoods long. And so the recommendation would be that this is an interim strategy where we would be there for a short period of time, and then, move to new neighborhoods. And in the meantime as I mentioned would be readying them for them to be a place based neighborhood. Mentioned that these were the three targeted programs that would be available to those place based neighborhoods. Also, one one of the features that I again mentioned earlier was tying these outside funds so we are looking to target these funds with emergency shelter grant program funds, with B.E.S.T, with Work2Future and with other programs we've had conversations with the transportation department about some ideas that might also be able to work well in conjunction with this effort. And then also our banks. We do have -- hopefully we have a couple in the audience. Had to leave, Wells Fargo had to leave, place based strategy and how they may partner with us on this and are very interested in seeing how that partnership might develop. Citywide programs I mentioned housing rehab, would be including mobile home rehab which is a very important program for the city, given that we have the largest number of mobile homes in the state of California. And then also, minor home repair foreclosure assistance and fair housing are all citywide programs. In addition I should say the senior services. So in conclusion, this proposal is responding to council direction. We work to tie this to priorities. We're hopeful that this effort, in working in these neighborhoods, that now, take a lot of city time and effort, that through this effort we will eventually some some General Fund savings because we will need to put less money into these neighborhoods than we do now. We also see this as a more strategic use of limited funds because we can tie these to other sources. And we are continuing our commitment to nonprofit partners and understanding how they can help work with us, to accomplish our goals. And also, it's manageable given reductions in administration. And I would say as part of the proposal, and I didn't mention it earlier, we are proposing larger grant sizes. And with a reduction in administration that we faced from \$2.2 million down to \$1.3 million as proposed in this budget, we simply cannot manage this program the way that we have in the past. And so we do need to have a larger grant sizes. There are a couple of situations where we're looking at doing consortiums. The fair housing groups have come together in a consortium and so rather than having a number of grants we'll have one. That's a way to help with a lead agency that will then work with the other agencies, where we are -- there's the potential in the foreclosure area that we might be able to do the same. We're looking at that, as well. We expect RFPs, this is a really tight time frame because we're here to you at this point in time, so we expect RFPs to be released in late January, with applications due, and our review the next couple of months. We need to come back to you in March with the first public hearing on the consolidated plan then we'll have our open public hearing process and public review process, we'll be back to you in May and we need to submit the consolidated plan with the final recommendations by May 15th. And then the consolidated plan and the funding is available on July 1st. So with that, it's a complicated program. And it's -- but it's an important program. So I look forward to the conversation and hearing from the public.

>> Mayor Reed: Thank you for the presentation and the staff work to get us here in what is a very complex, we've given you some direction to do it and you've gone out and done it, and it doesn't make it any easier just because we told us to do it, I know but it's something you've had to do. I'd like to hear from the public. We're going to take the public testimony. As I said practically everybody here wants to speak so I'm going to limit the public testimony to one minute so everybody have a chance to speak. And we still have a while for council discussion. This is going to take time for council to sort it out. One minute on public comments. I will call several names at a time. Please come down to the front so you're close to the microphone, as I call your name so you can head on down. Mr. Cheryl, going to give you the first spot, Laurie Burns and Anil Babar.

>> My understanding of the proposal, this is going to involve major cuts to funding to the Silicon Valley independent living center which is a major resource for people with disabilities. San José and Santa Clara County area. I've been a major recipient of their services since I've returned here but I mean they're talking about cutting all of their services for assistive living training and assistance and housing search and without their help I mean I moved back to Santa Clara County after being gone for 12 years, I was forced to leave in 99 because of the lack of -- disabled services here. I mean I returned because I got on Social Security disability and section 8 so I could afford to move back but I mean I was refused access to all of the homeless shelters because I'm disabled and no one else around could help me. Everyone after talking with over I mean several dozen I mean social service agencies they were all playing pass the buck and assuming that someone else could help me and the only one who actually was able to provide me any assistance was the Silicon Valley independent living center.

>> Mayor Reed: Sorry your time is up. Goes quickly only one minute so work on your comments folks so you get it in in a minute. Laurie Burns and anil Babar and Fred Ferer.

>> Hi I'm Laurie burns I'm here to represent the local either education council of Santa Clara County and urge you to restore funding for the smart start family chierk program. It makes sense funding family childcare providers for two reasons children are currently receiving care in small group settings called family childcare homes. To close the achievement gap and to make sure that these children are developing to their full potential these childcare providers need opportunities to strengthen their understanding of child development and to improve their teaching skills. The smart start family childcare training program offers the best and most practical approach in this county for this group of childcare providers to receive both academic course work and technical assistance. Secondly, it's good for economic development. The training program has helped over 300 low and moderate income residents of San José strengthen the viability of their businesses. It's a double win. Higher quality childcare helps children develop and success in school and support for small businesses and providing services for working parents keep San José a good place to live and work. Sorry, your time is up.

>> Thank you.

>> Mayor Reed: anil Babar and Alex or the easy.

>> My name is anil Babar bulk of the volunteers who spent -- who donate their time at the foreclosure response center. We are here today just to urge you to support the foreclosure center, and fund it as recommended. It's the center that's provided a lot of information, a lot of support to people who need it. You know, as said before, this issue is not going away, it's going to get -- it's continuing and we need to make sure there is a place where our residents can go, where they can get the right information and they won't risk being scammed by some of the people out there. So thank you.

>> Mayor Reed: Fred Ferer, Alex Torrez, Gary Stanke.

>> Good afternoon, mayor and council, I'm Fred Ferer, I'm CEO of the health trust. Thank you for being able to speak to this important issue. Although you are situation we are pitting different service areas against one another. The health trust supports the staff's recommendations to allocate the 100,000 for senior isolation prevention, also to support a place based strategy which we think aligns with our healthy people healthy places strategy and focuses on the CDBG's original intent. As a meals on wheels provider for Santa Clara County edeal firsthand with the need for social isolation services and we believe meals on wheels and the program model we use is a key strategy to that. We lost \$100,000 last year in HNVF money from this city and it caused the reduction of 15,000 meals to vulnerable seniors who can't get out to congregate meals or other services in the

community. But also adds the parent of destination home we also support the prioritization around homelessness and we ask you to continue your leadership on the reduction of chronic homelessness in our city and we thank you for the opportunity to speak to this issue.

>> Mayor Reed: Alex Torrez I think is gone, he is the Wells Fargo representative, we really appreciate him being here, Gary stainke, Michelle epic, Peter far.

>> Mayor and council, thank you for the opportunity to address you. I think in the short minute I'd like you to just focus on and ask you to restore some of the funding for the senior services. One of the things that's important when I spoke to the previous group is, you have to give some consideration to what healthy aging requires for our seniors. It not only requires transportation but it requires daycare, requires nutrition, it requires advocacy. It requires supporting the programs that open up opportunities for these seniors who really need these services to be able to express their needs, their concerns, their fear, and help us to protect them, and keep them healthy. With a loss of these support services for the senior population, it's going to really affect the quality of their life. And so without speaking for any specific program I really request that you look at support for the senior programs that have been drastically reduced. Thank you.

>> Mayor Reed: Michelle Napic, Peter R, Angie nor requisite.

>> I'm Michelle Napic, I'm here to speak on behalf of the families and the clients that we serve. We serve those affected with Alzheimer's and dementia. Not only those with dementia but the caregivers as well. The CDBG makes significant difference for those to be able to afford our services. Also like to talk about the real costs that will happen dementia who got lost. It was when it was going to be very cold, police were mobilized they were searching for her there were helicopters overhead doing announcements for hours. These are costs that are going to happen without the support for senior services to prevent isolation and adult day program. We support 100 San José residents with likely the less cost than that one mobilization. And so I implore you that there are real costs associated to the City of San José regardless of what this budget does. Thank you.

>> Mayor Reed: Peter R, Ann Gee nor requisite, Martha O'Connell.

>> My name is Peter Ross. I'm a member of the Almaden sacred heart community service organization. And I think there are 18 of us here. And as a voter who was formerly middle class, I want you to know that I urge you to restore the 2011 levels of \$450,000, because these services have been taken up largely by nonprofits, and community organizations, and they're very efficient. I see firsthand what they do all the time. And encourage you to consider restoring those funds. Thank you.

>> Mayor Reed: Angie norquist, Patricia Gardner.

>> Mayor Reed and city council, I'm here representing the sacred heart community service. My name is Angie norquist. I have the opportunity before Christmas to visit the Gardner center. And I saw what there was many people there before, we were told, and just before Christmas, because of the lack of transportation, there was less than half that they have had before. Now, these people are in an area where they need help, for their seniors. The Washington Gardner neighborhood cannot access food or socialize with their peers without help of public transportation and assistance. These basic services for seniors must be the priority. The cutting of the senior program down to \$200,000 is unacceptable. The \$450,000 of the 2011 must remain in state for our seniors to have.

>> Mayor Reed: Sorry, your time is up.

>> Thank you. Mar that O'Connell, George Basil.

>> Martha O'Connell oop pes Leslye Corsiglia who was given the lemons of a bad budget and a disastrous Supreme Court decision and she has valiantly attempted to make lemonade. Years before I was appointed to the senior commission I was working with the housing department on various issues. I would like to thank Leslye, Jackie Teresa and Ramo for their unfailing support of fair housing. One of the rupees application of \$2,120,000 for housing rehab and mobile rehab loans and grants and \$400,000 for emergency home repair. These critical

programs help seniors to age in place by giving them a habitable place in which to live. This is not only good for the city but it is good for the state. It is least costly to help seniors live in their homes rather than see them placed in assisted care or subsidized housing. Once again thanks to Leslye and the entire housing department for their champion of affordable housing so no senior is forced to leave San José because they can no longer afford to live here.

>> Mayor Reed: Patricia Gardner, Georgia small Steve Smoll.

>> I would like those who are here around CDBG to please raise your hands. So we're here today because we believe this is one of the most important programs that the City of San José has, to fund services for low and moderate income families. We recognize the reduction of these funds, places new challenges on the city. However, we are here today to remind the council about the services that we provide, and to strongly request the removal of the 1.96 redevelopment debt out of the backs of the poor. And do not -- and to look for other ways to pay for this obligation. We want to ensure that the CDBG dollars are not used down the road for RDA debt. But instead are used for the services that they were intended, to fund home repair, for funding microenterprise loans, to help people move towards self sufficiency. We need to put these dollars into low income neighborhoods in San José. Many of you have already support they had and we appreciate this. We will be watching this debt obligation as it moves forward and I want to thank the housing staff for always being open to the conversation with us to look at how we deal with these very difficult issues. Thank you very much.

>> Mayor Reed: Georgia Bastille, (saying names).

>> Good afternoon, I'm Georgia Basile silicon Valley council for nonprofits and the aging services report. For CDBG in year 3 of a five year conplan new funding priorities a new place base ooped the needs identified and funded for seniors and youth in years 1 and 2 of con plan have not gone away if anything they've increased. Public meetings that were held earlier this year confirm this. Testimony indicated that these were great needs yet funding for senior safety net services is proposed to be reduced and funding for youth is even more in jeopardy. Before you embark on this new road we ask you to please consider where it leads, where will CDBG programs that are currently funded be reconsider the \$100,000 grant minimums, funding agencies at \$50,000 will ensure that a greater arave nonprofits are funded. We're the only ones usually that stand between our clients and disaster.

>> Mayor Reed: Sorry, your time is up.

>> So we thank you for your time and thank those of us who have supported us.

>> Mayor Reed: (saying names) .

>> Mr. Mayor and councilmembers, my name is Steve Schmol, I'm the executive director of council on aging and also co-chair of the aging services collaborative. Basically as you will hear, the aging services collaborative and council on aging have three major suggestions for reevaluating the use of CDBG. Increase the proposed allocation, senior recommendations, increase the proposed allocation from 200 to \$450,000, lower the amount of grant awards from 100 to \$50,000 and significantly broaden the definition of isolation. Pact and agents for change are also supportive of this recommendation. You'll hear from many of them today. I want to go back to two things. We have contracts, council on aging has contracts with every CDBG contractor, virtually every CDBG contractor since CDBG staff has indicated that it is -- it cannot do more than it's doing now with grants over -- set grants over twheun, if the council sets grants at \$50,000 we will assume the monitoring responsibility for the additional contracts. Our contract monitoring is far more extensive than is the City's. So I would just throw that on the table. Sorry, your time is up.

>> Thank you.

>> Mayor Reed: Colleen Hudgins, Angelica Cortez, Amy andolian.

>> Good afternoon, Colleen Hudgins executive director of thank staff for your recommendations including accepting reductions in administrative cost but I stand behind the recommendations that have gone forward to

you from the aging service clarve and the Silicon Valley council of nonprofits. My message, my plea before you is that seniors cannot withstand greater cuts. We serve about 400 families so we have to help you to understand that I'm serving families. Seniors are a part of families. They have kids that are taking care of them. Our seniors are frail, they need 24 hour nonmedical care. So they are with families. And taking that senior out of the home are not providing those services is going to impact the whole family. It's going to impact the neighborhoods. It's going to mean that either the caregiver's going to have to not work or the senior is going to be neglected and left at home and I don't think any of us want that. So I support and I would hope that we would restore the funding for senior services over a wide array of services. Thank you.

>> Mayor Reed: Angelica Cortez, Amy andonian, (saying names).

>> Organic my name is Angelica Cortez, I'm with the Silicon Valley council on nonprofits seniors would be getting \$400,000 in ongoing funding from the old HNVF tobacco settlement funds and just like the children's health initiative we're expecting those ongoing funds to be in place for fiscal services for fiscal 12-13. We expect to see the ongoing \$400,000 in the City Manager's proposal. Thank you.

>> Mayor Reed: Amy andonian, Burko Malesa Donna Vertu.

>> Good afternoon, my name is Amy andonian we to support the positions of the aging we advocate for one category for seniors, combine transportation and isolation prevention, into one priority area for the RFP. And, more broadly defined, isolation -- I'm sorry, isolation prevention to include all services. That reduce and/or prevent senior isolation such as adult daycare. The recent satisfy recommendation deems ineligible several programs that are senior isolation. Again, please broaden this category so that these programs are able to apply for this category. So that these programs can continue providing the critical safety net services that prevent San José's most vulnerable seniors and their families from falling through the cracks. Thank you.

>> Mayor Reed: Burku mallese, Donna Feruda, Bev Decovin.

>> Good afternoon and Happy New Year. If you close your both eyes for a few seconds you will feel how dark it is for Ethiopian senior community just like that. They don't know the culture or the language or health service so they need help very much. On December 1, on the meeting, where I was so disappointed because there was no recommendation for seniors, but today, something is better than nothing, today it is recommended only \$200,000 for two agencies only but for two agencies competition is too much and too hard please help us we need help. Thank you.

>> Mayor Reed: Donna Feruda Bev decovin, Barry dekasanskis.

>> Mayor and councilmembers, I'm Bev Feruda also packet pact board and packed directors does not support the recommendations that the senior services to be funded over services to the homeless. Thank you.

>> Mayor Reed: Bev Devocen, cara Kazanskus, Eric Weaver.

>> Mayor and council, my name is Bev older adults and others who are interested in advocacy around issues that enable older adults to live with independence, choice and dignity in our communities. We realize the critical importance of supporting the isolation prevention services that many of the CBOs funded by the community development block grants provide. That is why we are supporting all of the recommendations for the -- from the aging services collaborative. I would like to emphasize the importance of having one RFP or RFP, and RFP-Q for the spending of the expenditures. This would be combining items A and B that are recommended. We think this would streamline the process, and reduce administrative time for the award and disbursement of funds and also combine to expand the isolation critically important those are to prevent -- for isolation prevention of seniors. Thank you.

>> Mayor Reed: Cara Kazanskis i'm from fair housing law project which is a program of the law foundation of Silicon Valley and I'm representing today the San José fair housing consortium which is a group of nonprofit organizations that ensures the enforcement of civil laws that protect San José residents against housing discrimination. As a result of thoughtful discussions with city staff and our fellow fair housing service providers our

consortium now includes all of the CDBG fair housing providers and has developed a plan to become more effective, efficient and consistent in delivering our model services to clients. And in working with staff to ensure that city policies, that the city is in compliance with its own strong fair housing policies as well as federal antidiscrimination requirements. Given our pro activity educating providers, and providing technical assistance on fair housing policies and procedures the city will be getting a significant bang for its buck by funding the consortium at a level recommended by housing staff. We urge the city council to approve the housing department's amount proposed and I thank the department for its work on this issue, and the council for its consideration today. Thank you.

>> Mayor Reed: Eric Weaver Bev Jackson, Jeff born \$felt Christa opportunity fund my name is Jena boyar. to hundreds of low income small businesses in San José. I'd like to urge you to look at other sources of funding for the 108 debt service which would continue CDBG funds to be directed at economic comment and low income communities as intended by the program. With the city's small businesses and creates jobs for disadvantaged entrepreneurs who have no other source of income. In addition to creating employment these small businesses generate tax revenues and fuel the local economy. Opportunity fund is very supportive of a place based strategy for CDBG and we are eager to continue working with businesses in high need neighborhoods opportunity fund is the only lender still financing neighborhood based small businesses and our lending yields a great return or investment for the city. On behalf of the small business community we strongly urge the council to consider alternatives to the 108 debt in order to continue to make funds available for micro-loans. Thank you.

>> Mayor Reed: Bev Jackson, Jeff bornafeld Christa Gannon.

>> Good afternoon, I'm Bev Jackson, executive director for rebuilding together Silicon Valley. We provide safety repairs and accessibility improvement. All our work is free of charge for homeowners and leveraged with community volunteers. Our repairs can be anything from minor to major. And with respect to the community development investment strategy 3 we want to ensure that the strategy include funding for minor repairs. It would be an investment of a grab bar, an electrical improvement, a smoke detector and in addition to emergency repairs that would really provide an investment for our low income senior homeowners in San José. Thank you.

>> Mayor Reed: Jeff bornafeld Christa Gannon, Judy Whittier.

>> Mayor and council I'm Jeff bornafeld with California community partners for youth. I'd like to use a minute to highlight the importance of seniors but also the shift away from youth services. This current year there's \$260,000 in the CDBG funding for youth. For next year there's zero. Not one year is being strictly dedicatored to youth. There's no RFP for youth. There is a lump sum in the place based piece but that could go into anything neighborhood's identified needs or priorities. So in the last three years there's been significant reduction in youth services in San José. HNVF has had 100% cut, B.E.S.T. had a 50% cut in funding and CDBG affects our able to provide services. There's still 2300 students that are going to drop out of high school this year, there's reduced funds, we have the need to have the council consider funding youth if not through this, then look at funding it in B.E.S.T. because we're taking it down down down. And less and less --

>> Mayor Reed: Sorry, your time is up. Next speaker is Christa Gannon, Judy Whit Kerr, Janine Nicholas.

>> probation youth and middle school youth to keep them back of execute, engaged in life out of gangs and off drugs. I too am very concerned about the elimination of the entire youth category, especially when you look in the B.E.S.T. and the cuts that we are also taking over on the county side of our county it's going to be absolutely decimating for our youth services. I don't like being pit against seniors because I think that we both need funding. And I was one of the youth providers at the senior meeting saying don't cut our senior services because our food and our guardians are seniors require, reply on to us get into productive lives and stay engaged in school. So I implore you to please look at how the youth restored and kept as a part of CDBG, it is absolutely essential to the safety of our city.

>> Mayor Reed: Judy Whittier, Jenny Nicholas, Trish crowder.

>> Good afternoon. I also am concerned representing Bill Wilson center today, I'm very concerned about the loves funding for youth services. If we look at putting that into the neighborhood funds we have no idea, there's no

restrictions on where those funds go. I do appreciate that the housing department has worked really hard to maintain funding for nonprofits, but the changes this year are just one more thing for us to deal with. We've already done in cuts with B.E.S.T, we've already dealt with cuts in HNVF. And now we're looking at the potential loss of funding out of CDBG. I do appreciate that you've put more money into homeless because we do work with homeless youth and run away youth and I hope that will benefit us. We are opposed to the 100,000 minimum, the number of agencies that would be funded and the responsibilities they would carry, the system that we have now worse pretty well and I encourage you to keep that if you needs to increase then 50,000 is workable.

>> Mayor Reed: Sorry, your time is up.

>> Thank you very much.

>> Mayor Reed: Jeannie Nicholas, Trish crowder, Kathleen Crenick.

>> Good afternoon, I'm Jeannie Nicholas the CEO for youth life builders continued focus on homelessness as you know, homelessness continues to be something that we really need to be addressing and we have a great plan and we're unified in the work we're doing and what I'm really concerned about I've worked with these agencies for years. I've worked in a number of agencies in my career with youth, with seniors, with all different kinds of folks and it really hurts me to see that we would be pitted against each other in this process. All of our clients are each other's clients. There's no youth or seniors or homelessness. They are all of ours. I have homeless youth, I have youth with records that could qualify for Christa's program. I have seniors that could be getting nutritious meelings and do across the community. We are all in this together and wheel homelessness has benefited greatly and I'm hugely appreciative of that continue to do so I really urge you to look at other solutions for the debt that has to be serviced here so that we're not taking this and forcing us to compete against each other in this way. Thank you for your time.

>> Mayor Reed: Trish crowder, Kathleen Crenick, Sara triano.

>> I'm Trish crowder and I'm the director for families, ha ha ha, family supportive housing, yes. I've been here before. And my new building is going to open three months from tomorrow, which is a very exciting thing. And I need my -- the CDBG that we get, because that's what makes the difference between three hots and a cot and a program that saves people's lives and makes a really big difference. I'm here to plead for my CDBG to continue and I'd also like you to consider the smaller grants that can serve more people. I can -- I certainly could use the \$100,000 but I won't be able to get it but my small portion is very important to me and I'd like all of the other people who are serving as Jenny said everybody is serving all of the homeless in our community with all these different programs. And thank you very much, and I hope to see all of you at our dedication! Thank you.

>> Mayor Reed: Kathleen Crenick, Sarah Triano, Greg Kepperly.

>> Hello, thank you for allowing me to speak. I'm with next door children in our community and San José, we're the only one open 24-7 to receive families who are in danger in the middle of the night and often weekends. This is the first time in my ten-year tenure, with next door, that I have to say that we are on shaky grounds with our shelter and if we continue to take the cuts in the way that we are, our shelter will have to close. We just can't keep it going. I already laid off one staff member at our shelter and will have to continue that, we cannot warehouse people. We have to have services available. We have to have safety. We have to have risk abatement. Our we will see more and more deaths in our community. We need not only the CDBG funds but we also need the ESG funds. They're extremely important to the population we serve, particularly since we're the only game in town. As I said I've never come before you in the past to -- with that kind of dire forecast. So please consider us when you're looking at all of this.

>> Mayor Reed: Sara triano, Greg Kepperly, Allison lesser.

>> My name is Sara Trian om executive director of the Silicon Valley independent living center not proposed for funding is housing search and stabilization and independent living skills for the disabled. That may not mean anything to you but to the people with disabilities that we serve it means the difference between being able to live freely in the community, or being forced to live in a nursing home or institution at four times the cost to state and

taxpayers. Even the noticing which by the way is in violation of the U.S. Supreme Court Olmstead decision, even the noticing procedures for these administrative recommendations was in violation of the Americans with Disabilities Act. Issuing a memo which is an inaccessible PDF format is not only in violation of title 2 of the ADA it's in violation of the City's own original web accessibility standards adopted in 1997 which require the posting of April accessible format if a PDF is posted. For these reasons and more I'm respectfully requesting a delay in the city council's action with regard to these issues so staff may unusual that they are at least complying with the minimum noticing requirements required by federal law and give the community a reasonable and accessible notice of respond. Thank you.

>> Mayor Reed: Greg keeperly, Allison.

>> Greg cep fer Li poops and Catholic charities supports the staff memo regarding CDBG priorities opt through our partnership with the city in the Santee neighborhood. We also support competitive bid we also support finding another source for the HUD 108 loans and very strongly support restoring senior services in those broader categories both through CDBG and other funds. Finally we appreciate the memos from the mayor and councilmembers Herrera, Pyle and Rocha and from Kalra and Chu and Liccardo's pulling all that together. So I think there maybe some solutions here. We appreciate it. Thank.

>> Mayor Reed: Allison laster, High my Alvarado, Robert Latimore.

>> Good afternoon, thank you for the opportunity to speak on our beloved CDBG funds. My name is Allison laster, I'm here alma community center these two organizations border district 3 and districtsen. I want to just mention three key points. Number 1 is that we didn't have nearly enough resources for low income seniors last year. Please, we need to maintain the \$450,000 at a minimum this year and we need your leadership and political will to do this. Number two is your proposed place based strategy would guide the use of \$3 million and limit these use to three neighborhoods. My question is why isn't the Washington Guadalupe neighborhood included? I'm confident that the residents and nonprofits in our neighborhoods are ready to embrace your support, and also, support their United strategy that they have up and running. Number 3 we encourage you to consult with neighborhood groups on how these place based funds should be focused but we also need an RFP process for these dollars which would allow for more transparency, visibility and accountability. Thank you.

>> Mayor Reed: Jamie Alvarado, CDBG dollars for redevelopment debt, a question for staff and council I'm not sure if blight eradication should be specifically just for the place based strategy. But most important yes to the place based strategy. Coordinated investment with the smaller pot of money is a rational approach to ensuring that the investment has a better chance for success. Yes to focusing on neighborhoods that certainly have problems, but more importantly have neighborhood wide assets in place that give them the highest possibility to change the trajtaries of their neighborhoods. Yes, to our RFP Q processes for the place based regardless of the final strategy that's selected and yes to the public services agencies being selected based on the most compelling proposal for demonstrable impact on the highest priority goals determined by council. The place based strategy is an opportunity to really move forward with something unique, something innovative and something that really makes a difference to permanently sorry, your time is up.

>> Thank you.

>> Mayor Reed: Robert Latimore, augustin Leman.

>> I'm Robert Latimore chief operating disperse of east Santa Clara, our mission is to promote long term economic development for microenterprise and code if you will for small businesses that get created. We are in support of the removal of the 1.9 million in debt from the CDBG funding pool at this moment. We are a 12-year-old agency. And last year, we were very fortunate to create spall businesses in this instance microenterprise in the City of San José. We created over 46 new businesses over 93 new jobs and the small microenterprise that are one to seven employees create over \$1 million in assets saved. So that is savings to families in this community. We applaud staff, the housing staff, for their commitment to work with not for profits. And we also support the view that place based strategies are the best delivery system for this particular year. Thank you very much.

>> Mayor Reed: Kevin stoner, Augustin Molan, Aurelia Molina.

>> Mayor Reed, thank you for the opportunity to speak i've seen the programs that have been implemented in my neighborhood, make a big change in the quality of life. For everybody that's involved. I wanted to say that I support the council and the staff on their directions. Thank you very much for your time.

>> Mayor Reed: Augustin Milan (saying names).

>> Good afternoon, my name is Augustin, and I'm a community leader at the Alma community center here in San José we are here today to express our concern about funding for senior services and programs. The outgoing counts I heard in the community in driving many seniors to ice ration. Isolation can lead to depression. Another physical and logic challenges, having the community to belong to which is really our only family for many of us, it's so important to our vitality as seniors. We have contributed to building this city and this valley over the course of our lifetimes. Now we only ask, not to be cut off the only family we know, and love. Our friends and our community center. We ask that you keep the same level of funding for senior programs and services in 2012, 2012 so we can continue to socialize with our friends and continue to be part of this private beautiful community. Thank you.

>> Mayor Reed: Nervella moleen ', cat submit, Monica bmentl-aya.

>> Good afternoon. I'm going to try to make sense because I have to it all my speech in one minute. My name is Miraya Molina, I'm a community liter with Alma action community at the Alma senior in San José. We are here today to ask you to support us and seniors in Alma Washington and Gardner, who split need your help. We have a tremendous need in our neighborhood, for senior service and for us, that we be included in your strategy. If you want to leverage, our neighborhood partners as your plan suggests O&M Alma community center with more partners than what you can count. Please make our neighbors part of your place based strategy. Give us a chance to survive. Please, start make buildings and put there for the seniors. We beg you, thank you, got bless you.

>> Mayor Reed: Kate Smith, Monica Galliot, Elizabeth Figueroa.

>> Hello, my name is Kate Smith and I'm with destination home. Jennifer loving is so sorry that she could not be present today but wanted to make sure that I convey homelessness in our community. We understand difficult choices are necessary and we are thankful that city staff and council continues to lead our regional efforts to end chronic homelessness. We've made tremendous progress over the past several years, and with the ongoing collaboration and support with the City of San José we can work with our partners to achieve the vision laid out by the blue ribbon commission to end homelessness and ensure that everyone has the home that they need. we give ourselves the opportunity to see results oriented cost effective permanent solutions for the most vulnerable in our community and continue to make San José a safe and inviting city for all who live here. Thank you for your leadership and commitment to ending homelessness and for preserving critical dollars for the most vulnerable in our community and for supporting the work of destination home and the housing 1,000 campaign. Thank you.

>> Mayor Reed: Monica galliot, Elizabeth Figueroa, Deanna Salazar.

>> Good afternoon, council, my name is mon CAP.

>> Councilmember Campos: Gallio, I can only begin to understand the difficult decisions the council has to make affecting these services that have affected the entire community. As the administration of available funds must be distributed most effectively, I'm here to express my support, for place based allocation of funds in terms of the limited CDBG moneys that will be available for infrastructure and other services. I've worked in the five wounds Brookwood terrace neighborhoods for over ten years and I'm a district -- I'm a resident of district 3. I currently work for Communiversity because I believe specifically in the goals of goals projects and services of the organization. The partnerships that Communiversity is able to form with residents in the five wounds Brookwood terrace neighborhoods have empowered residents to identify and accomplish goals that have shown documented improvements in our community. So I hope that the budget process as it continues will continue high regard for areas with critical needs like five wounds Brookwood terrace while making.

>> Mayor Reed: Sorry, your time is up. Elizabeth Figueroa, Deanna Salazar and.

>> Communiversity San José which has established solid relationships with the neighborhood it works in. Part of our work with neighborhoods have included building collaboratives among faith based organization, schools, city and county organizations as well as business associations to leverage resources for the community. While these partnerships are perfect for improving neighborhood relationships we are very much looking forward to the physical infrastructure in our neighborhoods. We are thankful that city staff will be able to continue to work with us, and thank you so much for your time.

>> Mayor Reed: Deanna Salazar Jean Abilas Imelda Rodriguez.

>> My name is Deanna Sal car and I serve as executive director of Community through the city and the county. Academic sectors like San José State university the private sector to local business and nonprofits grass roots our work is fundamentally based on collaboration and that allows us to leverage impact. So for each dollar that the city has invested in Communiversity we have been able to provide at least \$10 worth of services to the community and each year we reach out to up to 6,000 residents of the downtown community around been over 35,000 since we started back in 2005. CDBG funding for place based communiversity to expand a model that engages people to build receive sufficiency in their communities therefore increasing their responsibility and roles for community development at the local level so we look forward to continuing building partnerships to harbor the strength of our communities and we also thank you all very much for taking on the challenging task for determining funding priorities for CDBG.

>> Mayor Reed: Jean Abillas, Imelda Rod rueings, Nell Don hills. I'd like to say my family belongs to the Catholic charities day break program. I don't know a lot of about politics. I don't know a lot about funding but I can tell you what it means to us as a family. My father has Alzheimer's. It takes a lot to take care of him. The break we get from the day break program is immense to my mother who is 89 years old trying to take care of him. It is immense to me and to the rest of my family. And without this kind of funding, families like ours and a father like mine would end up not at home, but in a facility. Thank you so much.

>> Mayor Reed: Gina Bellas, imelda Rodriguez, Jean hills.

>> I'm imelda brookwood terrace community and I'm also the community director for Communiversity San José. I'm here in support of the overall direction of staff in support of the mayor's memo and also to say yes to place based funding. I believe focus is an area of extreme need and partner with organizations such as Communiversity have proven record of success and that makes a lot of sense. I have seen the impact of place based funding resulting in improved neighborhood safety and appearance, scholastic achievement and community engagement. The impact cannot only be seen in sales in our communities but it can also be measured so yes to place based funding and thank you so much.

>> Mayor Reed: Mayor lip Hills, C McMillan, Jennifer pagette.

>> After 25 years of serving the city in the office on aging, I feel really privileged to come back and tell you what a valiant job those people were doing. I have experienced many seniors who are fighting valiantly to stay independent, absolutely not accept any aid that think can help it, and remain under in their own homes. This is not easy, in this day and age, and when you are talking about budget reductions of the nature that you're talking about, from \$450,000 to \$200,000 for a very vulnerable population, you're talk ugh nutrition sites, you're talking brown bags, you're talk ugh meals on wheels, you're talking health care, mental health, transportation, legal care, the things that keep seniors independent, when they're really working on it as hard as they can already. So when you are eliminating services like that you're eliminating the service net, the safety net for seniors. And the thing that is going to happen is, that they will then become dependent on institutions and at that point they cannot --

>> Mayor Reed: Sorry, your time is up.

>> They cannot afford that and that means the taxpayer is going to have a heck of a burden.

>> Mayor Reed: Sorry, your time is up. C McMillan, Jennifer pajtette, Michelle Schroeder.

>> Good afternoon, mayor and council and Councilmember Oliverio. I'm Carol McMillan and I'm here to speak on behalf of my brother, Karl Butler who attends life oak adult day care in Willow Glen where Ms. Colleen huge inns is Executive. I also want to share with my brother having Parkinson's, he's in a facility, without the live oak daycare he would be there 24-seven with no socialization, no interaction, and I'm asking for you to please take a look at not cutting funds for live oak. My brother katy has a short staff. Please do what is right, not what is easy. Our seniors are our trail blazers. And I'm going to be a senior one time so I'm hoping I'll be able to have a program. So I thank you for your tile and consideration. And we're going to really let you know we really really appreciate your time. I know it's not an easy task.

>> Mayor Reed: Sorry, your time is up. , sorry. Michelle Schroeder, Elizabeth sail low.

>> Good afternoon, my shell gan, jan pagette cannot be here, she regrets not being hereby oop preserving funding for ending homelessness in our community. Times are tough and tough decisions are being made and that means it's more important than ever to focus on impact and results. At CTA we see this every day. As the data we collect shows homelessness on the rise, a growing number of adults seeking housing and creative solutions are required because with the right partners in collaboration we can achieve broader impact for those most in need. With the right infrastructure and measurement systems in place we can fully understand our impacts and make adjustments along the way to achieve the right results. With resources so tight and having the proper tools to inform and plan effective service delivery is critical. We make remarkable progress over the laves several years and at CTA we are more excited than ever about our role in telling a story.

>> Mayor Reed: Sorry, your time is up.

>> Thank you.

>> Mayor Reed: Michelle Schroeder, Elizabeth shallow, Vaughn Reed.

>> I'm Michelle Schroeder with SALA senior adults legal service. to fund as many senior safety net services as possible with \$50,000 grant minimums. Sala targeting clients that are very low income or at risk of abuse isolation or institutionalization. Last year we served over 6 San José seniors. If we lose our CDBG funding we will cut San José services by at least 50%. That means that we will turn away seniors with problems with Social Security, SSI, Medi-Cal. Loss of these oofts. Turn. We will turn away seniors whose housing is in jeopardy, without our help they could end up homeless and isolated. We will turn away seniors that are victims of elder abuse, many of whom are being isolated with an abuser who live with them. Without them we will not be able to give them protection, please don't threat this happen, thank you.

>> Mayor Reed: Elisabeth sac co-

>> Legal assistance. Please support the AFC position to fund the safety net services to seniors. With the \$50,000 minimum grants. Sala would like you to hear about the impact of our services. But to protect their privacy, we do not ask our clients to testify in public. But we are here to speak for them. In one case, Sala helped an 84-year-old San José nursing home resident who spoke only Spanish. She had been placed in a nursing home by an abusive daughter. She was desperately unhappy in the facility and was isolated had few visitors and could not communicate with most much her bilingual was able to speak with her in Spanish to determine what she wanted and that she had the ability to make decisions for herself. Sala then provided the necessary legal assistance to allow her to go home, with a different daughter, who had been caring for her before she was institutionalized. This is just one example of how --

>> Mayor Reed: Sorry, your time is up. Vaughn Reed, Elizabeth Lopez, Mary Beth read.

>> Hello my name is fawn Reed and I'm staff attorney at Sala. 50 thousand dollar minimum grants. Sala represents seniors in getting restraining orders to protect them from elder abuse. Oftentimes these clients have been isolated from others from their abusers and they have nowhere to turn for help except Sala. One of our clients was a San José woman whose son and three grand sons all of her Social Security income to support them. Her son physically abused her little dog while making the client watch, often threatening to kill the dog. He

also physically abused her and threatened to have her locked up. She knew that her son had several knives and 15 loaded guns in the house and was convinced that he would eventually kill her. She was so scared she ended up living in her car with her dog. Salaons removed from the home and the client and her dog were able to move back into her house. Thank you.

>> Mayor Reed: Beatrice Lopez.

>> Staff attorney with Sala asking you to support the ASC decision 50,000 minimum grant. Sala helps seniors access public benefits and Services to independence. Let me tell you about one of my clients. The Social Security administration had terminated his SSI benefits. That was his only source of income. Sala was able homeless. In fact he was served with an eviction notice when he was unable to pay his represent for the one tiny room that he was renting in someone's home. Sala was able to obtain rental assistance for him while he state in his home while we worked to reinstate his benefits. We were able to get him a higher SSI benefit so he could buy the food that he needed. I really encouraged him to look for senior housing. Certainly months later he called me to thank me living in his very own senior apartment. Thank you.

>> Mayor Reed: Mary Beth Lacy, Carl Lee, David chow.

>> Good afternoon, Mayor Reed and councilmembers. Thank you so much for spending a long afternoon listening to the concerns of the community and I thank the housing department and issues. I'm here both representing Dr. John porter the superintendent of Franklin McKinley school district who had to leave for his own board meeting so I have a quick statement from Dr. Porter then I'd like to add a custom statements on my own. On behalf of the Franklin McKinley school district and myself we highly support the recommendations of city staff regarding the use of CDBG funds over the next several years. The experiences and research that have been gathered over the past decade regardings place based initiatives have been transformational on their effect on poverty crime and education. Myself I'm now the director of the Franklin McKinley children's initiative and I too support the place based strategies but ask for a transparent RFP or RFQ process and ask for conclusions to the debt. I'm particularly concerned with the lack of youth services within CDBG coupled with the B.E.S.T. and HNVF cuts over the last few years I'd ask for a reexamination of there critical service.

>> Mayor Reed: Sorry, your time is up. Carl Lee. (saying names).

>> Mayor Reed, city council members, on behalf of the 600,000 members we ask your support for the staff recommendations and at the very least I know you're balancing a lot of different vosheses and priorities but at the I have leets support the mayor's memo last week. For closure we are seeing some positive signs in our local economy. Foreclosure is going to be with us and continue to impact our homeowners. Our communities, our tenants for the next five to seven years at least. And we thank you for your support, in the past on this -- these efforts. Our association will continue to be involved, with the nonprofits and continue to address this issue. Thank you.

>> Mayor Reed: David chow, Armine Nadari,.

>> Ramine Nadari, honorable mayor councilmembers, my organization receives \$25,000 and now it's down to \$17,000 for diabetes prevention for seniors. Since the only one of its kind in the valley where it's evidence based program. And with the funding cuts, it will go away. So I suggest broadening the priority areas to include this service back in, and I have also previously lost the HNVF funding for seniors, so I'm already starting to see the effects of this where there is increased isolation in our community. Thank you.

>> Mayor Reed: .

>> Mayor Reed: Joanna Molina.

>> My name is Jan ah mol nah, I'm here to talk about the importance of youth services. I used to be a youth at risk myself. When I was 14 years old I was doing drugs, gang banging and involved in criminal activities which got me locked up and could have ruined my life. Now, because of the help of programs such as CHPY California community partners for youth I turned my life around, changed my waive thinking, I have dreams now and I have

hope. And I'm nrld in the -- I'm majoring in criminal justice at the national Hispanic university. I have a full time job also, going to school full time and I just -- I don't know, I just looking forward to the future now. And I think that other youth need support like this like the one I got so thank you.

>> Mayor Reed: Matt Huerta, followed by Nayana Shaw and then Dan lackman.

>> Good afternoon, mayor, councilmembers, thank you for this opportunity. Matt Huert canches executive director with neighborhoods services Silicon Valley. Couple of comments. First I want to register support for the staff recommendation for place based strategy to outlay the remaining CDBG program funds. You know as HNVF was actually founded in -- placed firsthand what it means to leverage you know few scarce state federal and private dollars towards specific causes for maximum benefit. So I think with you if staff and the council are carefully in selecting those strategic partnerships such as Communiversity folks like that that really can leverage that kind of resource I think that we will see those kind of maximum benefits for the community. Secondly want to support the recommendation for foreclosure assistance, at the levels outlined in staff recommendation. We are seeing over 100 families each month facing foreclosure. In the last year we've helped over 600 avoid foreclosure, just a few quick numbers 14,500 --

>> Mayor Reed: Sorry, your time is up. Neanna Shaw is our next speaker, (saying names).

>> Hi, my name is Ne earvetionna Shaw and I'm with Silicon Valley independent living center the one and only center for independent living in the at the. We provide very unique and valuable housing services that is finding not only affordable but accessible housing for the people of all disabled community. We are making ends meet somehow and doing the best job we can do with the limited funding we get from the city. Last year we got \$21,000 and our goal was to help 200 people with disability to find accessible affordable housing. We surpassed the goal by helping 287 people with disabilities. We get from the city. Cutting this already bare minimum dollars will result in service shut down affecting many, many community members to be homeless and either homeless or be in nursing home. Which will become city's responsibility and cost the city more money. And -- than what is expected to save with these cuts. We request that city --

>> Mayor Reed: Sorry, your time is up.

>> Thank you very much.

>> Mayor Reed: Dan lackman, loaferie Predholm.

>> Housing trust of Santa Clara County. The housing trust is in support of the staff memo of CDBG priorities along with the amendments from mayor and councilmembers. As you well know foreclosure has been a major initiative of the city through the neighborhood stabilization program, you just had an item before this seems like a while ago. Foreclosures had devastating impacts on thousands of families in the City of San José, and on the economy of the city, and the county, and the state, and the nation. The foreclosure help center has been a vital tool in helping to deal with this crisis, and we are very pleased to see that you are supporting that, thank you.

>> Mayor Reed: Laura Prudholm, Ana candella, Tili Ayala.

>> Honorable mayor, members of the council. My name is Laura Prudholm, I'm president of the senior council equitable distribution of your funds. But spending \$1,300,000 on blight on housing's look instead of how people are seems to be ridiculous. Let's take care of the people. Let's don't paint things and worry about how it looks. I'm more concerned about those people that are stuck at home paws they can't get out because there's no transportation. Please think about that. Let's take away this blight thing. A million 3 would go a long ways to solve a lot of the problems you've just heard. Thank you.

>> Mayor Reed: Anna candella, Tili Ayala, Wanda heal, Tita Das.

>> Your Honor, with due respect, I come here to speak, and if I had your job, I would want your undivided attention. I see some people here on their cell phones. Please pay attention. My name is Tili Ayala. As a consumer of Silicon Valley independent living center, I see the services, they're provided for me and other

disabled consumers, as much-needed -- it's like a place of survival at least for me. I am homeless but not hopeless. I am not homeless by choice. I am working hard to get out of this homeless situation. And by your cutting funds to these services, it would make it impossible for people like myself and other disabled consumers to have housing. I was assaulted as a shelter at the armory shelter and that is not the diepped of life I want for myself and for other disabled consumers. Please, make survival a priority. I myself have a learning disability you about I know that I could succeed with services that are out there for me, and for others. Thank you for your attention, miss.

>> Mayor Reed: Anna candella, Wanda hale, Tita Doss, Catya De Groot.

>> Good afternoon, Mayor Reed and councilmembers. I'm Wanda hale, ombudsman of the long term care program. I'm here to speak on behalf of the people you cannot see in the audience today because they cannot be here, the vulnerable who are as nursing homes and assisted living. We are the only program with a federal, state aid to advocate and investigate abuse in nursing homes without the support of CDBG funding we're at risk of not being able to serve that population. And then there is nobody there for the families, the residents, and such, to go to, to address these issues. We're also strongly in support of the SVCN aging services collaborative recommendations earlier. We must spread the safety net and it's already out there but we must keep funding to keep it in place. Because we not only recommend, of course, our service is essential but we recommend residents and also families to serve -- many of the services that have spoken here today. So if you could reconsider those.

>> Mayor Reed: Sorry, your time is up.

>> Thank you very much I truly support this FT offenders.

>> Mayor Reed: Cheryl de Groot.

>> I'm catya de Groot. I'm here as facilities where people go when the safety net kind of breaks down. I'm struck by how many of those people don't have literally a voice so I'm here to say please any funding that you can provide to serve the long term care ombudsman program so we can ensure that their health and safety is taken into consideration and it's protected and to prevent the abuse and neglect that dot actually happen in those facilities. Thank you.

>> Mayor Reed: Cheryl Mehula, blue Bullus, Ricky Alexander.

>> Good afternoon, honorable mayor and councilmembers. Cheryl Mehula, California chapter of stride group that has volunteers that participate in the foreclosure help and we -- I myself have been a member on the board of the foreclosure task force all the way back to when it was predatory lending. Appreciate your support of seeing that this is a priority that we continue these services in the city and that you have included us in the budget. I realize there is a recommendation to reduce it. We appreciate some money to this effort and we will continue to provide volunteers and to assist you in fundraising outside sources of money for this. We feel that there needs to be free services for the citizens of San José to avoid scammers. Thank you.

>> Mayor Reed: Blue Bullis Ricky Alexander Wes Mukuyama.

>> Hi, I'm Barbara Bullus, Boo. I'm a member of the cloven council on aging pointing by supervisor Liz Kniss. I'm on the geriatric treatment team and I'm a former social services director of the Palo Alto senior day health program which is also a former. But I'm representing myself. You can guess that I'm here to say that I agree, blight is bad. But it cannot be the priority when you are choosing between blight and people facing death, facing torture, facing starvation. I know you're all here to serve and I just trust that you will have your priority straight. Thank you.

>> Mayor Reed: Ricky Alexander, Wes Muquyama, Norma calendar.

>> My name is Ricky Alexander, I'm a community organizer with sacred heart community service. I'm here to mention one of the other items in the community development improvement service, the community cleanup

volunteers and other agencies already do and can continue to do and that those funds could be reallocated to other more pressing priorities as you've heard today such as senior services with an emphasis on transportation. The lack of access and the isolation that results from not being able to get to the centers and the valuable services they provide has been a real challenge for a lot of the seniors. And we'd also like for you to increase the funding back to the \$450,000 that it was last year for senior services and programs. Thank you.

>> Mayor Reed: Wes Mukuyama, Norma calendar, Mary Ann mendell.

>> Finally. My name is Wes Mukuyama, I'm a member of the Silicon Valley council on aging, nonprofits and by 2020 depression will be the number one killer of all older adults, I hope you know that and Councilmember Herrera I heard your story about caring for your mother and I know you understand what the seniors have to go through. And if you look at depression it affects everything, and it leads to -- it can lead to suicide which it is more -- it out numbers homicides. So we need to look at the safety of this community, as well. So I urge you to look at seniors not only individual seniors but seniors in their families are isolated. Isolation kills, right? There's a sign there. So please consider funding senior programs. Thank you very much.

>> Mayor Reed: Norma calendar, Mary Ann mendel. That's the last card I have. If you put in a card and I didn't call your name now is the time.

>> My name is Mary Ann mendel executive committee I'm here to support the recommendations of the aging services collaborative and to remind you that the council on aging has offered to absorb any administrative costs that might additional costs that might be involved in keeping the minimum amount of \$50,000 for CDBG funding grants. What I want to say to you today is that \$2.3 million had been cut from senior services in San José in the last two to three years. Two to 3 million. In the last ten years the population of seniors in San José has risen by 34%. These are drastic cuts. I urge you, please, stop the bleeding. Thank you. [applause]

>> Mayor Reed: That concludes the public testimony on this item. We'll now bring it back for council discussion and decision. I think we're going to be here for a while because everybody knows this is difficult and complicated. Let me start by saying that many of you have heard me say that we are draining money from services and pouring it into retirement costs. That's what I'm talking about. We have cut millions of dollars out of senior services, we have cut money everywhere, all of these programs we can't possibly fund with General Fund dollars, CDBG funds are going down yet the amount we're putting into retirement cost is more than 20% of the General Fund. There's a direct impact when we have to put huge dollars in one category it's got to come from someplace else and we see the results of it here today. So that's the problem that we're having is we don't have nearly enough money to go around and there's not a single person up here on the dais who wouldn't like to double the funding for CD bye-bye beg. We don't have the capacity to do it. We are gratefully to the federal government, to HUD and to our congressional delegation so Lofgren and Mike Honda who ever year advocate for CDBG funding to try to keep the funding up because every year the federal government I think it usually starts in the house and they cut it by about 90% and they build it back up as it goes through the process with advocacy from our delegation with senator Feinstein and senator boxer as well. So we're appreciative of the money we get, it's not as much as we used to get but we're happy that we have the opportunity to at least have this discussion as unpleasant as it is to not have enough money. I want to thank our federal delegation for being advocates for this particular funding. And then finally, is they give us the money and they have strings. So there may be things up here that we wouldn't fund but we're required to, because there's only so much money on this side and there's a lot more money on the other side. And that's just the way it comes to us. And so we can't spend more than 15% on services. That's just the way it is. But we're happy to get the money and so I'm not going to explain about that. I'm just going to thank our federal delegation and be preive of what we've got even though we have to argue about it. Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. First of all, I want to thank everyone who came out to speak today. I think we listened very intently to what you had to say. I know that I have great respect for all of the organizations that came to speak and everything you had to say. And I, like the mayor said I wish we had the money to fund everything. Because all of these needs are great. I want to thank staff. Leslye Corsiglia and Kip and the rest of the staff for the memo you put forward and for the thinking that has gone into this place-based strategy. I think it's very, very important, and I don't think I heard very many people come up that didn't 74th this concept. We neighborhoods and where we go from here. Now that RDA is no longer there to support it. So I think

these proposals are very thoughtful and will work out well. One of the concerns I have is, how do we prepare those next neighborhoods? I think that was mentioned by some speakers, and I know that you guys are giving that a lot of thought and are going to be working with those other up and coming agencies, you're going to identify other agencies that are going to work out in community so we hope -- I hope that we can also allocate money to support the next set of neighborhoods. Because we have many neighborhoods that are going to need -- that we need to work with and who have been waiting a long time to see their top ten priorities happen. And so all of us are very concerned about moving to that next step. In that regard, I think we were very concerned about repaying the HUD 108 loan out of the CDBG money, taking the additional money that could be used out of community development and if it was used for that loan we wouldn't have that. Part of what we're recommending to the council here today is to defer the decision on that, on that payment source, to allow us to take a look at some alternatives. Now it may come back and there may not be any alternatives. But we would like to have us take a look at that because that money is so critical and the needs out there are so critical that if we can have additional money, if we can have an additional \$1.9 million to go out to do economic development in these neighborhoods, to help neighborhoods become self sufficient, I do think the -- again this economic development, this community development that's going to go on in these neighborhoods is going to address a lot of issues. It's going to address housing, it's going to address employment, it's going to address a lot of things. So if we could get dish money we really want to see that happen. The other issue is seniors. We've heard today from a lot of folks that have come forward to talk about the need to increase funding for seniors. I think we were concerned about not only the size of the amount of money that was being given, but the fact that some of the programs are -- it appeared to not be able to be considered for funding. Those programs that do daycare, that help seniors that have Alzheimer's and other kinds of programs that they might -- doesn't look like, in fact I think they were listed on the memo as services that would not be considered. So we are looking at trying to expand that definition. So that additional funding could be given for senior services that would include being able to fund those. The other idea here, too, is to look at being able to work with consortium partners. We heard council on aging step up volunteer to do that. I think there are others, we're certainly not going to tell you which one to use but I think it would be great if we could have a consortium partner that could then address the city and could choose to award we could have a process where we could address grants smaller than 100,000 and minor home repair program to include safety and accessibility improvements. And so I want to go ahead then and move our memo, that is the mayor and Councilmember Pyle and Councilmember Rocha, our memo forward, with those additional asks, that we look at the consortium partners, that we also broaden the definition so that these other senior services could be -- can be included. And then broaden the definition of acceptable uses of 99 home repair program to include accessibility and improvements.

>> Second.

>> Mayor Reed: We have a motion on the floor.

>> Councilmember Herrera: And I want to speak to it.

>> Mayor Reed: Okay.

>> Councilmember Herrera: I want to thank any colleagues, Councilmember Liccardo, Councilmember Chu and Kalra, for their memos. I'm open to accept friendly amendments. I think that all of us are kind of going in the same direction in wanting to expand this. Expand these services and be able to do as much as we can with our community development block grant money. So I'm very open, open to that. I want to say one other thing too about youth services. We heard from folks talking about youth services here, and other services. It's really like asking you to pick which child we like best here when we start looking at these services because they are all very important. And I would say in terms of youth services, I strongly suggest that we need to look at our mayor's gang prevention task force B.E.S.T. funding to see if we can do some more in the budget process about increasing funding for those services.

>> Mayor Reed: Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you. Let me just start out by thanking staff for all the hard work that had gone into this whole process. I can't imagine that it was an easy process for all of you, and also for your extensive outreach efforts. I think that the community input that has been provided in this process has been very critical. We

actually heard from a lot of individuals that actually attended some of these meetings. It's very apparent that the proposed cut to the CDBG program is definitely going to impact all segments of the community whether it's youth services, disabled or youth services as we heard from a lot of the speakers who came out to speak today. A can't imagine that this pie is being cut so thinly that we can barely taste the filling and it's going to continue down that path for a very, very long time. And so it's just devastating to see that a lot of these wonderful existing services are going to be greatly impacted by our -- the decrease in a budget. But I wanted to thank a lot of, many of the agencies who represent all these different -- who provide all these different types of services for our community because thawnd, we all commingle and we all exist because of each other and to pit one group against the other is not something that this council wants to do. One of the concerns that I have, I think which has been raised by many of the speakers is the minimum grant size of 100,000. I think if we stick with staff's recommendations essentially we're going to directly eliminate a lot of the wonderful agencies that are going to provide excellent services for our senior population as well as the other populations. So my question to staff is, if we were to reduce this to 50,000, how is this going to drive up the administrative cost and more importantly, is it manageable if we decided that -- if this council decided that we're going to take the 50,000 as the minimum grant size rather than 100,000?

>> Leslye Corsiglia: Thank you, councilmember. I mean we're very concerned about that given that we've taken a 40% reduction in administrative staffing as a result of the recommendations we have in front of you and it's really only possible with the larger grant sizes. So if the decision were to go to 50,000, and that would essentially double the number of grants we would be administering, we would need to add another analyst whose total cost would be about \$150,000. That would come out of the administrative budget and would impact the number of services we could provide. So it would either hit our fair housing allocation or we would move the fair housing piece back into the public services and it would hit the other remaining ones. So I think the one thing that we have had some conversations with, and let me go to that slide, is that if there is an interest in more of a consortium, where we could limit the size of the grant that we provide, and then just like with the fair housing and what we're working on with the foreclosure community that they work together, that's something that we can do, without having to increase our staffing. So that's what we would prefer. And right now, I should tell you a lot of these grants and the reason why you heard from so many people today, they still would have problems. Because we've been funding grants as small as 17,000. So when you, you know, 50,000, that's three different agencies we might have funded in the past. They've just gotten so small. And it's just, with the federal program like this it's really hard to administer for both us and for the grantee.

>> Councilmember Nguyen: And I can understand staff's rationale behind that but Councilmember Herrera, did you just mention that that was part of the motion already?

>> Councilmember Herrera: Yeah, I'm -- we are very concerned about the ability for grants to be at a smaller size but we're also you know moved by staff's concern about the administrative cost. So that's the idea of being able to have a consortium and that's why we heard council on aging's assertion that they would be able to administer it so they would then be able to give out smaller grants these than we would and they would absorb that administrative cost and that's the suggestion in this motion.

>> Councilmember Nguyen: Okay, I'm just going to leave that at that and probably hear from other councilmembers on that specific topic. And then in terms of broadening the definition of isolation, you also mentioned that's also included in the memo.

>> Councilmember Herrera: Yes.

>> Councilmember Nguyen: Thank you very much. Yeah, I am inclined to support the motion, if you know we can somehow allow agencies to apply with a smaller minimum grant size, at least you know less than 100,000. Again, my concern is that we, you know, will directly prevent important agencies from applying if we keep the threshold 100,000, and this is not something I would like to see as part of this process.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. I also want to thank all the folks who came to speak. Many of you, most of you are service providers in our community, mostly professional, some volunteer. But what you do

every day really provides the backbone for our communities. And I wanted to thank you particularly given the work you're doing under such dire economic circumstances, looking at dwindling budgets and increasing needs. So thanks to everyone who came to speak so passionately. Also wanted to share thanks to Kip and Leslye and Jackie and noosht, everybody has worked so hard, this is an innovative place based strategy recognizing the need to be innovative in times of scarcity so I'm grateful for that. I wanted to offer a couple of friendly amendments since the invitation was extended. Certainly, I think we're all looking for ways to find ways to increase funding for senior services. Certainly Councilmember Chu and Councilmember Kalra think made a valiant effort as well. I think we're all trying to do that and what I wanted to offer were first, the memorandum I authored dated January 10th incorporates recommendations I think from both memos but I wanted to offer paragraphs 1 and 2 first. 1 which would put the funding level at the levels that councilmembers Kalra and Chu recommend, \$400,000 for seniors and secondly adopting of course the recommendation to defer approval and the decision of payment of the HUD 108 loans directing staff to specifically look at one option of what may be many options or maybe not many options. We're only trying to find a way to backfill the \$200,000 essentially that we're allocating in additional senior funding. And I offer one possible route there through the parking fund. That would be my first motion. Or request, I should say.

>> Councilmember Herrera: I appreciate the suggesting where we might get that money in terms of the backfilling so yes, I will support that. I will accept that. The number 1, in terms of the \$400,000, I guess I had a question, and it probably goes to Councilmember Kalra and Chu when they speak about their memo but I wanted to understand more about where the \$400,000 is going to come from.

>> Councilmember Liccardo: Yeah, and I should be explicit that I think the intent that's shared in my conversations with Councilmember Kalra is that we don't want to be pitting seniors against the homeless and be folks in need of foreclosure assistance. We're not in support of reducing the funding for those programs by \$50,000. Although ultimately we would all like to keep the General Fund whole, we are looking for programs that would backfill for what portion we're picking up the HUD 108 contribution and use that CDBG money obviously to fill the \$200,000 hole.

>> Councilmember Herrera: And if we could take the language just as you said that I would accept that as a friendly amendment.

>> Councilmember Liccardo: You got that Dennis?

>> Councilmember Herrera: To backfill that. Because what I don't want to do is take away from General Fund services when we're trying to -- I don't want to dig a bigger hole for us in terms of services we have to provide in the budget.

>> Councilmember Liccardo: Why don't I paragraphs 1 and 2 with the requirement that we are going to keep the General Fund whole.

>> Councilmember Herrera: I would accept that.

>> Councilmember Liccardo: Okay. If that's okay with the seconder, I just wanted to check in. Okay.

>> Councilmember Herrera: If we're going to do that I'm going to just subtract from our memo the suggestion of specifying taking it from foreclosure and homelessness then.

>> Councilmember Liccardo: Thank you, I very much appreciate that. And then secondly, paragraph 4, where I recommend adopting paragraph 2A, from Councilmember Chu and Kalra's memo, relating to the emergency home repairs, expanding that to include emergency home repairs that really go to critical health and safety needs. Councilmember Kalra can speak to it better than I can.

>> Councilmember Kalra: building together I think it's cleaner that way.

>> Councilmember Liccardo: That would be great. I'd like to incorporate then the language that Councilmember Kalra has suggested, ask that that would be included, if we were to consider the Councilmember Kalra and Chu memo, paragraph 2, to adopt that entire paragraph with this language instead of the language under 2B.

>> Councilmember Herrera: I accept that and we were trying to add that in, too, in our language.

>> Councilmember Liccardo: I'll be happy to add that to my motion. Sorry, can I add one more motion? I promise I'll stop talking after this.

>> Mayor Reed: That's okay.

>> Councilmember Liccardo: I share the lament for the cuts in youth services believe me I do think with this particular place based strategy with Franklin McKinley children's initiative involved in doing what we can in neighborhoods where college going culture is not as prevalent as it might be in a lot of suburban communities have really tried to address needs of kids. And I think we've got the right organizations in the right places to help. And obviously, I expect other organizations are going to be helping as well with youth. So I know that those organizations are going to be looking for help with youth based efforts and I know the city will, too. So we'd love to see more money for youth services. I agree 100%. But I think at least we're on the right path.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. And I want to thank Councilmember Herrera and Liccardo for that good discussion that went over Councilmember Chu and I's memo in a pretty effective way. And just for those that don't know, what Councilmember Chu and I proposed in our memo that we put forth on Friday was to double the suggested amount for senior services to \$400,000 and now been adopted into amendment to the motion on the table to adopt a broader definition of isolation prevention which Councilmember Herrera referred to and the language that's now in Councilmember Chu and I's memo has been adopted to broaden that definition as some of the speakers have alluded to and I think will make for the opportunity to have a broader range of services that the seniors then can -- some of the grantees can seek, for senior services. As indicated in our memo, and has been discussed here one thing that Councilmember Chu and I were wary of was taking away from other types of services funded by CDBG like homelessness and foreclosure response so I'm glad that has also been set aside because we certainly don't want to pit these curriculum interests against each other rather we want to set a priority or set a target in order to indicate that senior services are a priority. Frankly all the memos that have come forward have indicated that from the mayor and councilmembers. And I'm also thankful that our recommendation necessary number 2 in our memo were accepted and that had to do with the language that we see up there in terms of making sure that some of the funds that are going towards emergency home repairs there are also some that are allocated to the critical health and safety measures particularly for our senior and disabled population. And you know the last point that was made and has been discussed somewhat from both Vice Mayor Nguyen and Councilmember Herrera, as well as Councilmember Liccardo has to do with the non50,000, I've had discussions with Leslye as well, and understand that the administrative cost of doing that would do -- would certainly make it very difficult within the budget that Leslye has in order to administer these grants to actually make it happen without, again, taking money from those that we're trying to help. One way or the other, more administrative cost or by reducing the number of grants overall money of the grants we can give because of the increase in administrative cost. So the lack being that Councilmember Chu and I had was to reduce the number to 50,000 for the RFPs and RFQs I'm not going to seek to do that now given the discussions I've had with Leslye. I do think that the language, that Councilmember Liccardo has in number 3 gives Leslye the ability to kind of gauge as we go forward the ability to be able to do that. I still think ultimately though, as indicated in Councilmember Chu and my memo, that ultimately the consortium idea that has now been discussed, the idea of getting either some outside agency like the council on aging or another entity to help on the administration or monitoring the grants or get a few of the grants together to have kind of a combined proposal will ultimately probably be the most successful way of achieving the same goal. I really want to thank -- I will support the memo as now has been amended I think it incorporates in essence all of what Councilmember Chu and I intend it on doing, in doubling the amount for senior services in a way that at least the target for senior services again we still have to find the money. I think Councilmember Liccardo offered up one creative solution for maybe getting up to 300,000 but I think that the message is clear that we want to do this in a way that we want to do this in a way that doesn't damage the General Fund but also shows that it's truly a priority to fund senior services and that's why also I

appreciate the third item in the mayor's memo, in regards to deferring the approval of the decision on the payment source to the HUD 1 08 loans. Yes all departments in all departments that have received that type of funding or receive RDA funding should take some responsibility helping to pay back but I do agree that we have to be very sensitive to the impact that this type of repayment is going to have on the most vulnerable in our community. And so if there's any way that we can find other avenues of addressing that debt without having such an egregious impact on particularly our senior population but also those that are suffering from homelessness and suffering from the foreclosure crisis we should definitely do so. I'm encouraged those such as my friend Christa Gannon and others that have been for so many years providing youth services to work with us. I think there are a number of us that are concerned as you are in the elimination of that funding again, it's knot -- it's not that it's not a priority I think Councilmember Liccardo came up with some good points of how we can still incorporate some of those funds into specified neighborhoods. I know some of those neighborhoods are already neighborhoods that the organizations at least that have been represented hereof already serve but I do think we can do more and we should continue to work together to do more. Finally I just want to thank everyone that came out including the city staff that's worked so hard on this. I know that there are very few people in our city that has more compassionate than Leslye so Leslye I know how hard this is for you to be able to try to -- to try to carve this down. But I do know that you're doing it in a way that you believe is best for the community difficult time and make sure that most of all those that are the most vulnerable in our community can be cared for to the best of our ability during this difficult time.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you. So I'm going to try and get this straight. So we have a motion for the mayor and Rose's and everyone else's memo with some stuff dheeted some stuff added three quarters of Sam's memo which relates to Ash's memo replacing some of that with the language up here on the screen so I'm sure Dennis has that all straightened out and so does everyone else. I just want to say thanks to everyone because for something that started off relatively simple, in concept has taken a lot of different paths today. But I think as Ash said, it may be the actual combination of everything in the motion how we got here is not clear, the intent of the council's pretty clear. On what we want to do in preserving services as much as we can, given the situation we find ourselves in. So I'm going to thank all the people that came especially the diehards that are still here for hanging out with us. It's been a long time but I think we're going in the right direction, if I understand the motion the way I summarized it. So with that I'll be supporting it.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. And I want to thank all of you as well for coming out. And speaking from your heart. I mean, I've been out there with you, advocating on that side, as well. I do have a couple of questions for Leslye, and it -- there were some questions about the duration, or at what point will we go into other neighborhoods. And so I do know that CDBG generally has three year funding cycles. Is that what you're looking at finding or going into new neighborhoods?

>> We haven't set an exact frame but the idea is -- excuse me let me introduce myself. Kip harkness assistant to the City Manager. The three year time frame is probably about right. We actually would like to start working right away to identify the next range of neighborhoods with perhaps the ability of doing some prep work within the neighborhoods as soon as next year and with B.E.S.T. and other sources as soon as this year. But we think we'd need to make investments in the neighborhoods for a serdz of years ideally about three to make enough impact to get those neighborhoods to the tippings point. The three year point we think is about right but we're also open to direction on that.

>> Councilmember Campos: Also and with the place based strategy there is a blight elimination strategy using code enforcement. I know we're not supposed to use code enforcement officers but that personnel to work in those neighborhoods. I just wanted to make sure that there's some flexibility in -- with those areas that have been identified to be able to go out into the fringes of some of those neighborhoods. For example, Mayfair has Virginia right behind P.A.L. stadium where there's a number of code violations. I mean just substandard housing, across the freeway and I remember when the Mayfair initiative started it did include some residents out in the POKO area and some of the plans. So I know in that area, you know there was some thought about you know, putting some

resources out there. But is there flexibility on the code enforcement side to meet some of our needs so that we're trying to cover more area?

>> Leslye Corsiglia: I think that's something we've talked about that, that is possible to do, and I think we need to work with Mayfair Selma on that and might need to expand the boundaries on that but it's possible for us to do it. The important thing for us is that it be a targeted place, and that it meet the HUD requirements. So for being a low-income neighborhood.

>> Councilmember Campos: Okay. And I wanted to -- because there was a lot of mention about blight, and that we shouldn't be looking at blight, and eliminating blight. One, I think, and you can correct me if I'm wrong, I think one of the requirements of CDBG is that you have to, you know, the intention is to eliminate blight. And it's a broad definition of how do you eliminate blight? But last Friday I was just at a press conference on the foster care system and how to revamp the foster care system to better serve our youth. And if you look at the foster care system, that system is just feeding off poverty. It's feeding off what happens to a family when you have to live in substandard housing, or you're living in a garage. That is blight. And if we can continue to put resources so making the family life with their living conditions improve, then I think that we're providing a service for everyone, youth, as well as seniors. Because in my district, and I know in Councilmember Liccardo's and actually all across this city we have areas in our districts where you know, people are just getting by. And family life is not that good. Just in -- by their living conditions. So I just wanted to be able to see if you could see that perspective. Because it's not just putting paint on a building and making the neighborhood look better but it really is affecting how people -- how people live. So that's that comment. The next question I -- or actually, a suggestion on, you know, on where we can look for funding for youth. And no one probably thought we'd see the day where you know youth services out of CDBG you know would be zeroed out or getting close to getting zeroed out. But there you know we have a strong tool in the mayor's gang prevention task force. And there are a number of decision makers that are sitting at the task force from our school districts. And our school districts, they receive some of the biggest pots of funding to provide youth services from the state. There's prop 49, there's aces. And I would suggest that, one, like we do in our city very well, we bring that collaborative spirit and start talking to our superintendents about bringing our services providers into seeing how they can bring in their expertise, using prop 49 and aces funding so that we're serving those kids that you know, they are falling through the cracks. Let's face it, they are. So that's another suggestion. The other recommendation that I would make is, you know, I'm glad we're restoring the 400,000 to seniors. But if we're able to restore the \$1.9 million CDBG payment that we have to send out, and what's causing a lot of this discussion, that we -- that we try to make seniors whole out of that. You know, I -- you know when Ms. Huggins was here, she reminded me my dad uses that service at live oak. And I'm not just worried about my dad. I'm worried about my mom. My mom's the primary caregiver. And I'm using myself as an example because that story's all over the city. And I think that we need to keep in mind that it's not just the person that's receiving that service. But it's the family, that we want to make sure stays healthy. And services that take care of our seniors are really, you know, talking about paying help forward, that really is taking care of mental health as well as physical health of a lot of the caregivers. So I would, you know, I would strongly recommend that if we can, make that whole, and of course, staff is going to go back and, you know, deal with whether or not we can find another place to fund the \$1.9 million payment that we have to make back to CDBG. I would make that recommendation. I'm going to support the motion. And I've given you a lot to look at. And I would hope that you take those into consideration. Thank you.

>> Leslye Corsiglia: Councilmember if I could just make one clarification for the audience because we heard quite a number of comments on this. If we -- if we were to find another source for the 1.9 million it could not be used for senior services. So it can only be used for community development related activities or economic development. So it could be used for rehab, for housing rehab which can reach seniors. And it -- there may be some other thing. It's more employment oriented or infrastructure repair or housing rehab that falls in that category.

>> Councilmember Campos: So I would -- I know we're turning over rocks and everything. If we could find a rock with \$50,000 underneath if we could do that, thank you.

>> Mayor Reed: I think that concludes the council discussion. Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. Sorry.

>> Mayor Reed: That's all right.

>> Councilmember Rocha: I'll just start with thanking yourself and my colleagues for the memo and Councilmember Herrera's leadership, allowing me to be included in that when I approached her office with this issue. And also my colleagues in challenging leadership and risk compromised some of the interests here today and we don't want to do that. As the mayor mentioned when we first started we would like to fund a all of the requests. I pine for the days CDBG, tobacco money or the General Fund. I hope those days come back before I'm done whether it's three years or another seven. I do appreciate members of the community coming and testifying. I can't tell you how valuable it is for councilmembers to hear the work that do you and what's important to you because sitting at our desks and going to community meetings doesn't cut it. Sitting here and getting it from you is the only way I do it. I do do can I see the work you do and it's tough fitting that indoor schedule I know it but it's critical I'm going to do a better job this year but I have had a chance to come visit a few of you folks and I'm going to make that really important. I appreciate my colleague Councilmember Liccardo in making that effort to combine the two. The strategy of taking multiple direction and putting it into a memo using other folks looks oddly familiar to me, I like it. And I've been -- I've gotten some grief from Councilmember Constant for dropping the memo the day before, but I guess when Sam does it the day of, that's all right. Thank you all of you and I'll be supporting the recommendation.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Just real wick I just want to disclose that I or my staff met with the opportunity fund, Silicon Valley council on nonprofits, the council on aging and new America, thank you.

>> Mayor Reed: I think we're done with the discussion. We have a motion.

>> Councilmember Liccardo: Mayor can I disclose I met with all those folks, too.

>> Mayor Reed: Okay, so disclosed. If they're on your calendar they're disclosed. The motion, I'm not going to try to repeat it but Dennis will figure it out. Dennis and the lawyers. This is not the worst we've done, this is kind of like making sausages but we do have a product here. All in favor, opposed, none opposed, the motion is approved. We still have a little bit of work left on the agenda before we're done for the day. Next item is 4.3, actions related to the 12-13 hazardous vegetation commencement report. Opening a hearing. And then what, City Attorney?

>> City Attorney Doyle: Close the hearing.

>> Mayor Reed: Anybody here want to speak on this item? This is a hearing, just find out. Okay, we have nobody, no cards. All right, close the hearing. And we have a motion to approve the recommendations. On the motion, all in favor, opposed, none opposed, that's approved. Commence hazardous vegetation, whatever you're going to do. Item 5.1, actions related to the fair swim center pump room renovation project. Motion to approve by Councilmember Nguyen. Councilmember Liccardo.

>> Councilmember Liccardo: I'm sorry mayor I may be speaking to an empty chambers. Dave is here. Dave I just had a quick question.

>> Mayor Reed: Dave Sykes. Folks, please take your conversations outside. We got a little bit work left to do here. There's plenty of room outside and it won't bother us at all if you're talking outside. Please get out the door before you start the conversation. The question for Dave Sykes.

>> Councilmember Liccardo: Dave I'm going to support the motion but I'm concerned about the history in terms of how we got here and is there any hope of any claw-back from whatever contractor or architect got us into this mess?

>> Dave Sykes director of public works. This project is addressing a multitude of issues. One of the issues I think the pump house which was poorly designed. It wasn't a construction issue, it was a design issue with the original

architect. If my memory serves correct nine years ago we did look at that and we went down the process of actually acquiring with a third party design firm to do an outside audit. And the conclusion was yeah, there were some deficiency in that design but it didn't seem like there were enough to pursue the errors and emissions type remedy. This project is addressing more than just the original design deficiencies. There are code and other issues with the project.

>> Councilmember Liccardo: Okay, I wanted to make sure we were exploring remedies to relieve the taxpayers and others of the mistakes. Thanks.

>> Mayor Reed: We have a motion. Vice Mayor Nguyen got the motion. On this motion, all in favor, opposed, none opposed, motion is approved. 7.1, application for federal water smart grant for the construction of a northern regional intertie to the South Bay water recycling system. We have a motion to approve. On the motion, all in favor, opposed, none opposed, that's approved. Open forum, do we have any cards? Yes, we do, Ross Signorino.

>> Thank you, Mr. Mayor, members of the council. I felt I had to wait this out to get to the open forum, congratulate you Mr. Mayor on your trip to Japan and getting an airline to come out of our airport in direct flight to Japan. I think that was a great achievement, what you and Carl Guardino going over there. I don't know all the details, I'm sure there was a lot of staff work that went into it and we certainly appreciate what you've done for the airport! Also at the same time, when you spoke with Zoe Lofgren in the beginning here in the awarding that you were doing, about the exports of this, and in that paper, you mention Susan hammer, a mayor of San José. That goes to show you, years later, the benefits of what you do later on, pop up. Even though you may not seem so, but it does. And it's certainly worthwhile seeing. Thank you all very much for your attention. And have a good evening.

>> Mayor Reed: Margaret Harris. Since Ms. Harris is the last person in the room I guess the others are not going to speak. So Margaret Harris.

>> Hello. I'm not going to break your heart and I'm not going to ask for money. So and I'm going to be quick. I'm here on behalf of the hem line community garden. We filed a claim with the city and asked you to rescind the rules and regs. There are about seven pages long. They're very problematic. We don't think our garden which is 30 years old will survive them. We also think that they may very probably be in violation of prop 218. We just want to make you aware and ask, I see that you have so many other things to think about. And my heart goes out to just everybody who came up here and to all of you that have to deal with these very, very weighty issues. But we at the garden, we love the garden. And it wouldn't cost the city anything to take a look at that, hopefully. And perhaps give us some voice there. We would like to take over the garden ourselves so it wouldn't cost the city anything. So I just leave with you that. There is an article in today's San José --

>> Mayor Reed: Sorry your time is up.

>> The San José mercury has an article on it.

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