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>> Councilmember Liccardo: Quick self-roll call. Councilmember Rocha, here. Councilmember Herrera, here. Councilmember Campos, here. I'm here and that makes four. Move on to review of the work plan. We have no items under B, is that correct, and no items under consent as well.

>> Ed Shikada: That's correct.

>> Councilmember Liccardo: Shall we go straight to -- and we don't have minutes either. We'll move on to D, reports to committee.

>> Councilmember Rocha: I have a question on the work plan. Just refresh my memory how we go about the work plan. Is in the six month a year, do we go through rules committee?

>> Ed Shikada: It is every six months, typically done towards the end of June, same in December or at the first council discussion in August. This to your point on making changes, in addition to the work plan, it would go to the rules committee and then be referred to item D-3, item went to the rules committee. As far as the fall work plan, staff is currently working on it and we'll be giving our recommendations to the mayor's office shortly and then that will come back through rules and to the council either late this month or early in August.

>> Councilmember Rocha: Okay, thank you.

>> Councilmember Liccardo: Great. We'll move on to item D-1 which is the regional transportation activities report. Hello Hans.

>> Hans Larsen: Good afternoon, Hans Larsen, director of transportation, and I'm joined here at the table by Ben Tripousis and Ray Salvano from the Department of Transportation to address any questions you might have. Just have a real quick brief verbal report. You have a written staff report as part of our quarterly review of regional transportation activities. I'm going to start my comments with progress on the high speed rail project. And it's a very interesting project, at the national level, the interest and support for the project has cooled way

down. New federal money for project has been essentially withdrawn. And the prior efforts to allocate roughly \$50 billion for national investment has been put on the table, likely until after the presidential elections at the end of 2012. At California level, kind of mixed news, as California has received benefit of other states, that have put their high speed rail projects on hold. And so California has been the recipient of moneys that have been freed up from the states of Wisconsin, Ohio and most recently Florida. And the California investment has been allocated towards a startup project in the Central Valley, generally in the Fresno to Bakersfield area. So work is moving very fast towards developing that as a first part of the California investment. Legislatively, there's been a lot of activity regarding high speed rail, as the project has moved from infancy to, well some may say the wild teenage years. And so there's been a lot of interest in providing some more discipline and oversight and so there's recent legislation that's proposed that looks at restructuring the governance and administration of the California high speed rail project. And we'll see how that plays out. I think kind of the tag line I like is that the effort is to try to mend it and not end it. So a lot of good things with the project and moving it forward. So for San José, because we are not on the initial segment to be funded, it has kind of scaled back the pace of the planning work for the project to one I would consider a much more comfortable level than where we were, say, a year ago. So with the initial investment in Central Valley, the focus is, when connecting San José and the Bay Area, towards the Central Valley. So there's two projects that we're focused on, one is the San José to Merced project which would eventually make the connection to the Central Valley and then were part of the San José to San Francisco piece. There continues to be a lot of controversy on the peninsula on how to develop that. Our report indicates that there were to be some actions by the high speed rail authority board at their meeting last week. That did not happen. They're holding the reports back on that topic to allow for additional coordination in terms of direction. But we are continuing to progress with planning for the project in San José. We have a 20-mile segment of high speed rail. High speed rail authority has recommended an elevated at-grade solution, big question for the community is how this would fit in, what it would look like. We've formed a 20 member working group, ten members focused on the northern part, north of Tamien, essentially the downtown area, another ten focused on Tamien South. It's been a very engaging process with the community. A lot of people from the general public participating in the effort as well. Ben has been leading that effort for the Department of Transportation. So the city council position though has been that we want to explore both an aerial option and a tunnel option. And attached to the report includes a letter from D.O.T. to the high speed rail authority, that expresses some very

good thinking that's been done with the community stakeholder group in San José interested in the tunnel option. And so we've looked to redefine what really a best tunnel option would be for San José, and looking at ways to make that more affordable for consideration. So what's going to happen, there's a lot happening, so over the next I would say two months, so the rest of June, and into July, both the efforts on the aerial option and the tunnel option will be developed further, with community stakeholders in high speed rail, and we're looking to come back to the city council in either the August or September time frame with a report back to council in terms of -- and some likely policy actions in terms of where do we go from here with the new information that we have available. That wraps up my comments on high speed rail. I just want to touch quickly on some construction activities. We continue to make good progress on the 101-Tully interchange, the capitol expressway pedestrian improvements are under way as well as the Blossom Hill Monterey pedestrian overcrossing. Major design work proceeding with the BART extension to Berryessa. The Santa Clara Alum Rock BRT project and I think some very exciting news with phase 2 of the 101-Tully-Capitol-Yerba Buena piece. There was a Mercury News road show article in the paper this morning that indicates that we've been recommended for construction funding for that. So that's in design. The \$31 million construction project because of cost savings, on other state bond transportation projects, there's quite a bit of moneys available, and there's a recommended allocation of \$24 million for that project that leaves us short about six or \$7 million and so either through value engineering, some other phasing or trying to secure additional moneys, the effort is to try to accumulate the funds for that second phase piece and get that into construction next year. So that concludes my color commentary comments on our report. Happy to answer any questions that you have.

>> Councilmember Liccardo: Great, thank you. Councilmember Herrera.

>> Councilmember Herrera: Thank you, chair. It's great news. Yeah, we've been watching that move through at VTA because some of us are on the board at of at VTA. We're really happy about that money. When do they meet to make that final determination? You're not on CTC, when is CTC meeting to make that final allocation? People are hesitant to make a ream announcement until it actually gets awarded.

>> Staff just made the recommendation so I'm guessing timing the way it is, I'm looking July to get it before the commission. It's unlikely to get before them this month. We'll confirm with VTA and get the exact schedule.

>> Councilmember Herrera: Yeah, everybody is excited to get that project moved forward. Just had a comment on the capitol-pedestrian projects. We were at a DTAV meeting, Ray was there at that meeting as well so I just wanted to add a couple of things about that. Along capitol expressway there is a piece of property owned by the Water District and we'll be working with Ray and others, Water District to see if we can move forward on getting that property also included with the improvements because it will really really help do that. There's some need to underground or bring -- create some different way of handling the storage out there so they haven't said yes to those improvements. We want to be happy to have -- be able to do the same kind of landscaping and Ray I don't know if you want to add to that?

>> No, pretty much summarize what we know on that project to date. So we will be engaging VTA and Water District on --

>> Councilmember Herrera: It's really going to improve capitol expressway. We're going to have bike lanes, they went over to DTAV ten foot sidewalks and pedestrians and bikes can be accommodated, is there some area where they're going to be a pinch point and they have to go to five foot options? I know Councilmember Liccardo and Councilmember Campos all of us have expressed concern about the safety of the bikes along capitol expressway. So looked like the ten foot area was -- that looked pretty safe and we asked about, was there some way they could separate the bike lane from the traffic? Because it's a very high speed kind of traffic situation on capitol and we've had pedestrian fatal advertise in the recent past and continue to have problems out there. But I was somewhat satisfied, and my colleagues can speak to it who were there. But Councilmember Campos was there. The ten-foot area, that seemed to be provided a pretty good safety for the areas that have ten feet. But we are going to look to see what they have to do with that five foot pinch point. The other think is there is landscaping, including trees that separate. That would be a significant enough barrier. The problem is the charts they had, you couldn't understand what that would look like. So I'm hoping they will get us some more detailed graphics, maybe even three dimensional so we will see what they will look like. I wouldn't want to have

pedestrians and bikes fighting for the same five feet and have issues with that. And I just want to say how pleased I am to see the great working relationship between our D.O.T. and VTA and all the work that's going on, the collaboration, I think especially in these tough budget times, it's really good to see that we're actually -- we got Taye Diggs out of it and with our expertise I know we offered them some help with outreach. They didn't exactly warmly receive that but they get the point that we have experience with outreach and can be helpful. So those are my comments.

>> Councilmember Liccardo: Councilmember Campos.

>> Councilmember Campos: So getting back to the BRT project on 130. Just wanted to make sure you update your report, because at that same downtown 680 meeting we were told that the BRT project is going to be delayed and that the new schedule is somewhere around February-March 2013 as a start-date and end-date. I think I saw or heard December of 2014. So if we can make sure that that's -- the reports back reflect that. Also, on the 101 project you were talking about, is the -- how much do you really expect for value engineering to close that six, \$7 million gap? And from that, with that difference, that we see is there any way that being able to leverage the \$24 million with federal funds? I'm assuming \$24 million, not federal funds, are they state bonds?

>> Hans Larsen: That's correct, that's state money. I think one of the things, Ray may chime in, but the project is well into design and to sort of rethink the scope of it would set it back a little bit. The first effort is to try to find some other dollars to close the funding gap. There is some phasing that can be done, some landscaping that could be included with that. One approach is to defer the landscaping until we can secure the money to do that. Yeah, this is very hot off the presses, development in terms of the funding being available and targeted for this project. So we're working to figure out the best way to keep it going.

>> Councilmember Liccardo: If I could just jump in obviously the CTC's commitment, obviously that's where the MTC should jump in and provide the bridge funding. I look forward to seeing what you can do to get the regional moisture there. That seems to be our most logical option doesn't it, going to the MTC?

>> Hans Larsen: Yes.

>> Councilmember Herrera: That's what people said go to the MTC.

>> Councilmember Campos: Because value engineering might cut that gap in half, perhaps? Really when you look at the whole scheme of things we're not that far off of being able to have this project fully funded. The other comment I wanted to make was also at that East valley 680 -- the East valley downtown BRT meeting that we had last week, we -- you I brought up the issue of Santa Clara and Alum Rock corridor is a multimodal project. And so the mode of transportation that's left off because there's no room is bicycle. And we've been talking about in this committee about San Antonio street being -- that being where the bikes would go, especially if people are taking BRT or bus along Alum Rock, they would need to know that they can get directed to San Antonio. So my question or my comment is that we need to make sure that we are coordinating with VTA so that these are happening simultaneously, would like to see both projects happen on the same schedule and was reminded at that last meeting that the bike path is not a VTA project, but it's one of our projects. So I think that they should happen simultaneously so that you know all modes of transportation that we would like to see happen there are accommodated.

>> Hans Larsen: Yes, we certainly share that goal. And to create improved transit, pedestrian environment, and biking environment. So we had -- as you may recall at our last report on our bicycle master plan we had received some grant moneys for the San Fernando-San Antonio corridor to be able to fully build that out, we'd need some additional funds, to have that approach with the alignment with the BRT project we've had discussions with VTA. We certainly share that outcome.

>> Councilmember Campos: I don't know, I'm thinking that you all are coordinate being and talking about this. But it almost seems like VTA is kind of like, what bike lane? We don't know about any bike lane. That's the impression I got at the meeting. That concerns me, we don't want that to drop off, because that's a very important part of that corridor.

>> Hans Larsen: Agreed. I think the distinction you see is that the VTA folks working on BRT have a very narrow focus on that. There are other folks in the VTA organization that we work on the bike planning and at the more senior management level they recognize the connection between the two. But as you get down to the project managers they tend to focus on what's in front of them.

>> Councilmember Campos: Okay. Those are my questions or comments. Thank you.

>> Councilmember Liccardo: Councilmember Rocha.

>> Councilmember Rocha: Thank you. Just had two questions on the high speed rail issue. In the letter that you submitted on May 18th, when do you expect a response?

>> Hans Larsen: We have what we've encouraged, we've had just some informal discussions with high speed rail. What -- the way the letter's set up it really encourages a conversation with high speed rail, us, and the community coalition. There's a lot of questions and options that we laid out there. So we have -- I think what we're looking for is a series of meeting, between them and us and the community coalition to help frame up really what we're defining as really the best tunnel option for San José and then have that integrated into their formal alternatives analysis that they're doing for the project. It will then be a separate board decision on whether they carry this modified tunnel into their final decision making process. But that final process is expected to occur this fall. So I think we kind of encourage they don't send us a letter saying yea or nay, let's talk about this further.

>> Councilmember Rocha: There are any other jurisdictions that are approaching high speed rail for tunneling options? Or are we alone in that?

>> Hans Larsen: What's been -- I guess the way to characterize it, what we're asking for is more extreme than what's being considered anywhere else in the state. Where they've considered underground options is the underground option is where they would do the cut-and-cover construction. That's something they evaluated before and we found had very serious construction impacts particularly through the downtown area. We are kind

of pushing the limits in terms of options that they are considering with a fairly long tunnel coming through the downtown area.

>> Councilmember Rocha: And watching from the sidelines before, I got the sense that high speed rail authority wasn't too responsive to this request. Has the tone changed at all, or still kind of the same?

>> Hans Larsen: I would say I mean, they're -- I think the tone has changed, kind of two ways. One is that the urgency that we had in the past of we need to make quick decisions in terms of the scope of the project, because we have federal funds that we need to spend quickly, that drove a lot of their perspective. We don't have time to study a lot of options, let's move forward because we need to move quickly. So that tone has definitely changed where we can step back and look at more options and have more discussion and collaboration. That's on the positive side. In terms of what we're considering with a tunnel, and they have viewed it as not practical for two reasons. One is because of the significantly higher cost than other options. The other concern they have is that with the soil conditions that we have, in downtown San José, high water table, that to build a deep underground station raises concerns with them regarding construction risk. So we've identified really working through just really a tremendous resource that we have in this community, that has done an amazing amount of research of best practices around the world. Cited some examples of well, they were able to build it here in this location. And we're wanting them to talk to us about, you know, is this something that we could consider here that reduces the cost, makes it more feasible, or is there something different about that application, that it may or may not work here in San José. So I think the tone is changed in terms of having more time to work through this. I haven't got the sense, though, that they're saying hey, yeah, we're gung ho to go study tunnel options. We're in conversation. We expect that in June or July, that we will have the conversations with them, and key community stakeholders, so that we have a better understanding of this issue before we next come to council on the topic.

>> Councilmember Rocha: Okay, thank you. And shifting gears to the regional highway projects, I had a question about the 280-80 Stevens Creek interchange upgrade. And I've noticed the deletion of the Winchester off ramp. How was that through environmental or how did that decision get made?

>> Hans Larsen: You want to -- you've been more involved with the details of that.

>> Yeah, thank you for the question. Actually, there was a number of issues that were -- well, as you know there were two design options for the Winchester connection. One of them was what we referred to as a hook ramp that connected directly to Tish way. And the other one was referred to as a five-legged -- the five-legged intersection. One of them had I believe it was the five-legged intersection had some impacts to some residential properties there along Tish way. And the community pretty much -- well, they didn't go for or they didn't appreciate that particular design. The second one, the second option, the hook ramp, couldn't be designed to meet state standards. So as the design -- the environmental document was advanced up to the state they realized that there was kind of a no-win situation here. So deleting the Winchester connection actually -- it got rid of the problem but it actually, too, allowed the projects to take in the 880 Stevens Creek project to move forward without any additional study and review and really reduced the amount of the potential conflict for advancing the Winchester connection.

>> Councilmember Rocha: Okay.

>> Hans Larsen: I would just add from the City's perspective getting that connection is an important goal. What we were looking at is trying to clear a very large project. And we have actually state bond funding for part of the project. So the issue of separating out what was a controversial piece that we didn't have consensus on was really a strategy to let the rest of the project go forward and spend the dollars that had been allocated towards it. So what we consider, we consider it a future phase that we will try to work through at a later time to address the controversy and the issues of proceeding with something that's not in keeping with current state standards.

>> Councilmember Rocha: Thank you.

>> Councilmember Liccardo: Great, thanks. I just want to acknowledge the great work that the Department of Transportation team has done here. We all know for those of us who sit on these regional boards that the heavy lifting is done at the staff level in terms of getting the funding and certainly great work of VTA and CTC has been

really valuable in moving forward these projects. Certainly we value what Karl Guardino has done to really help us get pieces of funding here from CTC. But I want to say thank you for the great work that you guys have been doing.

>> Hans Larsen: Thank you.

>> Councilmember Liccardo: I had a couple of questions. One was around high speed rail and the authority's decision around the inclusion of the alternatives that would be studied. If we go to council as late as September of are we still going to have sufficient time to be able to have whatever that emerges from council go to the authority before they make their decision?

>> Hans Larsen: That's our intent is that we line this up, that this comes to council first and then it goes to high speed rail authority board.

>> Councilmember Liccardo: Great, okay. On the automated transit network, I understand, and Hans this is your baby, we'd all love to see it happen. The first phase of the project we know is measure 8 funded. I appreciate that restricts where we can go with it but I understand that the financial analysis and the technical feasibility is really connection to North First Street. And I think many folks would love to see how could we get this to Diridon and wouldn't that probably be a more financially viable way to go. Is there any hope of being able to get a feasibility analysis on that leg any time in the near future?

>> Hans Larsen: Yeah, that's part of what we're -- the measure A dollars are looking at the first street connection and then the connection to the Santa Clara CalTrain station where BART will be in the future. We have an interest in also looking at the connection to Diridon station. I think many of us believe that that's probably the best connection ultimately to make. And high speed rail has been willing to commit some funds to take a look at that as part of the station development. And -- but those dollars aren't available right now. And frankly they're looking for getting some closure in terms of what the design of the station is. So probably the alignment selection will come first and then we can plan the other piece. Just to clarify, I mean what we're looking at with the automated transit

network is more on the sort of the business and technical feasibility of this automated transit network. And so we're working with the VTA on a consultant team to evaluate whether we have these -- the technologies that are out there, that are being deployed in some way around the world are an appropriate solution for the San José application, and whether we really have ridership to make a system viable in the near term. And we'll be completing that work through the next -- through the calendar year and I expect we'll come back to this committee with a report on where we're at. And it's really to sort of not decide where it's going to go but whether we're at a point where it's worth moving forward in that near term time frame.

>> Councilmember Liccardo: So very conceptual?

>> Hans Larsen: That's right.

>> Councilmember Liccardo: Great. And I regret I was not at the VTA meeting last week, I was out of state. And I appreciate there was probably a lot of conversation around these issues of Santa Clara and Alum Rock. I know Councilmember Campos and I were both concerned about whether or not some of the pedestrian related improvements, particularly bulbouts and some of those other amenities were likely included. Forgive me is there any decision made on that?

>> Hans Larsen: Is there any --

>> Councilmember Liccardo: Keen and Alum Rock.

>> Hans Larsen: Ray.

>> We've taken a look at that particular intersection and while we're not necessarily looking at bulbing out Alum Rock, we're looking at narrowing that lane. What it in essence does is it does shorten the crossing distance of the street and also prohibits or restricts the fast-moving right turns. And I think that was the bigger concern, of that particular intersection was a slowing down the right turns from Alum Rock onto King. So we have done -- we've

looked at King, we've looked at a number of other intersections up at sunset up towards Jackson and tried to implement bulbouts and other ways of tightening up the street to take and slow traffic down in that particular area and still provide traffic capacity that we need in those areas.

>> Councilmember Liccardo: Okay, I understand there's a tension here between our concerns about pedestrian safety and our concerns about accommodating capacity. And I know we can probably take this conversation offline. But I certainly share the concerns that transform is good for pace group, they've expressed around trying to do something around pedestrian safety there. And as I think about the bikes, I understand we are hoping that San Antonio will become the way of access for bikes on this west corridor. But I think whether we plan for it or not, bikes are going to end up on Alum Rock and Santa Clara because that's where the buses are and that's where businesses are and it's just going to happen. I mean we see downtown, people riding bikes on sidewalks all the time. You know? So I just -- you know I can't help but believe best laid plans here, will be challenged. And so I hope we can maybe sit down offline a little bit and talk about -- I understand that the project's moving forward. We don't want to throw another wrench in things, because obviously delay is already pushing construction out to 2013. There's a lot to do there, we want to comment. I want to give a plug for bike share. I was in Washington, D.C, got fabulous reviews for people who used it. I used it for two days. It hopes because they have an enormous amount of stations. I know that's a long term fly but it was really impressive to see how well it functioned and hopefully, it will do well here as well.

>> Absolutely.

>> Councilmember Liccardo: If there are no other questions or comments, I see no questions from the public, do we need a motion to accept?

>> Councilmember Herrera: Motion to accept.

>> Councilmember Liccardo: Okay. All in favor, newspaper opposed. We'll move on to item D-2, that's the quarterly progress report on energy efficiency and renewable energy activities. John and Mary.

>> John Stufflebean: Good afternoon. John Stufflebean, director of environmental services. You have the report. You notice there's quite a lot of work going on in this area which we're very pleased to report and Mary Tucker will do a brief presentation summarizing some of the highlights.

>> Good afternoon, I'm Mary Tucker, the energy manager. So this is a report on the strategic energy action plan which was first adopted by the council in June of 2010. And similar to the Green Vision our action plan is also guided 50 areas that you see here and we'll be talking to each of these as we go forward. Within the Green Vision, there are a range of goals that relate to energy from clean tech jobs to waste to energy. And implementation of these goals involves a collaborative process across city departments. Some highlights of our activities. As presented in our quarterly report, is our central service yard and leading by example. This is comprised of our operation and maintenance facility staff and parking lot and we now have a 1.24 megawatt solar photovoltaic system in both the city facilities and in the parking lots. This facility started generating power in December of last year and our official flip the switch was April 29th. City's also been involved in several requests for promote for solar power purchase agreements. We are currently in negotiations with selected solar providers for both the projects at the treatment plant and the more than 30 different city facilities and land. A key issue for the plant will be the availability of incentives through the California solar initiative, currently all reservations are on hold pending the resolution of additional funds for solar incentives for commercial facilities. For the more than 30 different solar city facilities sites we're currently conducting negotiations with the selected solar provider for these facilities and identifying priority facilities for installation. The California solar initiative incentives may not affect the installation of these facilities as there is more potential for savings without the incentives. The treatment plant has a much lower electricity rate because it is on an industrial rate and so it affects the treatment plant much more so than the other city facilities. Our plan is to return to the council in late summer with a recommendation on both of these sites. Another way we are leading by example is that we have now installed over 100 LED street lights at the treatment plant. We have estimates of approximately 69,000 kilowatt hours per year savings, about 5,000 in annual electricity savings and close to 3,000 in annual maintenance cost that we're saving. The initial reaction from the plant's night shift operators has been overwhelmingly enthusiastic with the visibility and color rendition that these LED street lights offer out there at the plant. For advocating policies we've been very actively

monitoring legislation and regulation related to energy. Positions were recently prepared focusing on California proposed legislation on the renewable self generation which would increase the ability of sites going from 1 megawatts to now 5 megawatts where we would be able to generate more power and receive a financial incentive of associated with that. And for community choice aggregation. These recommendations will be at tomorrow's council meeting, having gone to the Rules Committee last week. Of particular concern to us though is legislation related to the public goods charge funding. This is the primary source of funds for the city and the state's energy watch programs. We support -- we are the Silicon Valley energy watch program on behalf of PG&E with public goods funds and these funds support many of the direct installation of energy efficiency measures and rebates for both municipal and community sectors. Through financing, one of the programs we have been able to fund through the public goods charge fund is the City's innovation program. And the community energy champions award. On April 29th, at the City's bright green day event the city and PG&E our partner in energy watch awarded \$225,000 in grants to 18 recipients. These grant funds will enable these organizations to develop innovative education and outreach programs related to energy efficiency and those programs are school initiatives, neighborhood based campaigns and contests, videos, twitters and facebooks and intensive outreach within the various cultural communities of San José. Strategic partnerships have focused these days on zero waste energy development. And on April 5th the council approves the ability to negotiate agreements with allied waste services and zerowaste energy development and so the integrated waste management program will then begin to start converting organic materials collected for energy production for the first time in the United States. And then on April 19th council approved the harvest power and California energy commission agreement. These projects will demonstrate the production of biomethane produced through wood and biosolids into electricity and so these programs are going forward. And we are also continuing work on our fog, fats, oils and grease demonstration project. Key element of our activities is definitely communication and engagement with the community, and so I hope you were able to attend our bright green day on April 29th, out here on the plaza. A San José celebration of the sun, and all things green. And a good time was had by all. Especially the dragon, maybe not so much the bag-monster. The very next on that day and also the very next day our solar America city held a solar and energy efficiency fair at the showcase across the street. The showcase has now seen over 3,000 visitors since opening in December 2010 and it's specially been a favorite of a lot of girl scout troops and other school visitors. Here you see one of the girl scouts is troops with one of their pizza box oven that they made and cooked their chocolate

Smores, marshmallow Smores in them. On May 14th we were out in the Dorsett Tassa neighborhood and more than 125 residents along with councilmember Herrera attended the kickoff event at the boys and girls club in the Dorsett Tassa neighborhood which is part of our better buildings program. Homeowners received valuable information from 14 different organizations about energy efficiency, home improvement upgrades and other environmental programs, and many of the homeowners also registered for free home energy assessments that will enable them to take advantage of our energy watch direct install programs or energy upgrade California's variation installation programs. So since our last report to you in March San José has been recognized with several different awards. From the Department of Energy our solar America cities project was recognized in Philadelphia as the solar America cities annual conference. We were recognized for our outstanding efforts to promote and educate our residents and businesses on solar energy. The city's sun share program in conjunction with the overall Green Vision received the very first 2011 energy award from the Silicon Valley San José business journal in the category of best conservation leader on the public sector. And then on April 12th, at the national conference on corporate investments the city received the 2011 Siemens community -- sustainable community award in the large city category for its adoption of the -- and implementation of the Green Vision. Much more important to us than the awards has been the amount of money. We are providing additional information on how much we have received over the last few years for our municipal and community programs. So it's more than \$12 million in contracts and grants, and that is the primary source of funds for our City's municipal and community energy programs. And in particular on the municipal side we have the city energy fund. And here you see the current annual and ongoing savings that have been achieved through investments from the City's energy fund from fiscal year '08-'09 to 10-11. Which amounts to over \$200,000. The rebates we've received are close to \$225,000. And currently per council policy our first and second year savings from completed energy projects return to that city's energy fund for future investments and we're projecting an additional \$250,000 savings will be you you achieved as a result of projects that had been funded with both the city energy fund and the federal government energy efficiency and conservation block grant EECBG allocations on that. And our average payback on the project that we identified in prior tie agreement in the two to three year time frame. So this completes our report and we're available for questions.

>> Councilmember Liccardo: Thank you Mary. Questions? Councilmember Rocha.

>> Councilmember Rocha: Thank you. Thank you for the report. I had a question on the LED lights at the plant. What's the investment up front so I can measure that against the return we're getting? Do we know what the costs were?

>> The return is in about the ten year savings at this point. You know, with the cost savings and the maintenance savings. We're looking at about a ten-year savings on that. That will be probably different than the LED street lights that will be installed through the Department of Transportation's program. Because they're doing a much larger purchase and will be able to get the cost down.

>> John Stufflebean: And I would mention the driving force for the LED at the plant was not just cost because I mean ten years is a pretty long time. The plant is going to be there forever so ultimately you do save. But it was also the fact that we wanted to lead in kind of the demonstration of LED but even more important than that as Mary mentioned the safety aspect has been significant. Because operating in the previous lighting at night was very challenging and the new LED have just made a huge difference, in terms of the ability to do the repairs at night that the workers need to make. So it has had a huge advantage there.

>> Councilmember Rocha: I think it was a great decision and project and I'm glad you're doing it. It's more for me to understand what type of investment it requires in this and other places so thank you very much.

>> John Stufflebean: I'll have to get back to you on the actual cost of making --

>> Councilmember Rocha: We understand the ten year return is good enough for me thank you very much. The solar projects I notice there was mention of those and then I also saw in the attachment on page 1 the reference to installing solar on city facilities. So this is kind of a long term effort. What's the next project in mind or is that -- did I miss that listed in here?

>> Well, the request for proposals that went out for 30 different facilities, those were the primary facilities that we had identified that have you know the best orientation, their roof is available to take advantage of it, you know numerous other factors. So those are the primary city facilities, you know, around the area, that can really take advantage of solar.

>> Councilmember Rocha: So as far as the next project that we're looking at, do we know?

>> One of the things you know we'd like to look at is there the potential for solar on any of our vacant lands you know in that area.

>> Councilmember Rocha: That's the next step for us to consider?

>> Right. We want to get these projects going and off the ground and then start to look at other expansion out at the treatment plant possibly too.

>> Councilmember Rocha: Okay, thank you. Those are actually the only two questions I had, thank you.

>> Councilmember Liccardo: Councilmember Campos.

>> Councilmember Campos: Yes, just one suggestion for -- it's on page 5 of your report under communications and engagement. I think establishing the Silicon Valley behavior map as a modification is a great idea, just wanted to make sure you include underserved communities so that they're continuing to educate themselves on energy efficiency. Thank you.

>> Councilmember Liccardo: Councilmember Herrera.

>> Councilmember Herrera: I just wondered about -- first I want to congratulate you on all of these tremendous, you know, the programs and the fact that you brought in so much money into making sure they're funded. I

wanted to ask about the sun shares program that allows city employees to buy solar, reducing the cost, and first of all congratulations on that too. I wondered about the number of participants that we've seen participate in that, do we know?

>> The final participant count in the sun share programs was about 39 city employees and retirees. And they were able to receive solar PV and hot water at 40% below market cost. And so what we're doing now is working with the Bay Area climate collaborative to get the word out, to many more folks. We partnered with the San José credit union on that program. BACC has now engaged technology credit union which is one of the largest credit unions in the San José area with more than 74,000 members and so they're putting together a loan program and an outreach to their member-companies which include Adobe, Apple, you know some of the larger technology companies within the area.

>> Councilmember Herrera: Great. Will we get feedback on the program or who takes advantage of it from our partners too so we can sort of track the benefits?

>> Yes, definitely we'll be continuing to get reports and working with them.

>> Councilmember Herrera: Great. I'm very intrigued on community choice aggregation. Not to get too far into it but can you give me any potential opportunities that we see with that program in very general terms? I know Marin county is doing it.

>> We have Amy Chan is here with the manager's office and she and I have been on the road on the phone talking to a lot of people, including the Marin clean energy, Berkeley was considering it, San Francisco's moving forward with it. And so we fully expect to have a report to you in September on our -- all of our findings and the things we would have to go through. Where there might be opportunities to partner, to do it on our own. So it's those kinds of, you know, recommendations that we're good to be presenting to you and what it all entails.

>> Councilmember Herrera: If we had it, if we leveraged it to the maximum advantage, would it be sort of like our own utility?

>> Like our own utility in that we would be procuring the electricity. We would not have to deal with the transmission and distribution aspects of it. So we would be, assuming we put together some kind of entity that meets the California public utilities guidelines on it. Then we would be able to about out and procure the electricity, go through an RFP process to procure electricity that would hopefully meet or beat PG&E rates. We would be getting, then, a certain level of green electricity through that. The overarching objective for this project is goal 3 in the Green Vision, to receive 100% of our electricity from renewables. So putting renewables on roofs is one very good way. It may be a long-term way of doing that. This could be an option of achieving that goal sooner.

>> Councilmember Herrera: Kind of speed it up. It wouldn't necessarily be cheaper than what we pay now, right? Is there still a premium right on all this?

>> There could be a premium particularly because of the most recent rate applications that the utilities have been putting in with the CPUC. That's one area that we really want to provide a lot more information about.

>> Councilmember Herrera: But it also could give us some options too, so there wouldn't be just one alternative if we were able to take part in this? Okay. Thank you. I'll be looking forward to future updates on it.

>> Next time.

>> Councilmember Liccardo: I'm sure that will be a spirited conversation involved, a couple of companies are very interested. Mary thanks again for all the great work of your team. Your very small team. Since I know --

>> It grew a lot in the last year,.

>> Councilmember Liccardo: It did?

>> 80% of my staff is grant-funded.

>> Councilmember Liccardo: Right.

>> You saw the dates.

>> Councilmember Liccardo: I understand you're mostly running off the grid here. We appreciate that believe me. The one question I had was around the California first program, which I know ran head first into all kinds of problems with I can't remember if it was Fannie Mae or Freddie Mac or who was throwing up the roadblock.

>> Both of them.

>> Councilmember Liccardo: Is there any hope of resolving that in D.C. or have we kind of moved on?

>> A lot of people have moved on. There is very little hope at this point that I've seen. The energy upgrade California which is the statewide energy efficiency program is looking at other types of financing. Because they're not very confident that any kind of a pace, property assessed clean energy would happen on the residential side. There are some that are looking at it for the commercial side. That may go forward but we continue to monitor that.

>> Councilmember Liccardo: Okay, thank you very much. Okay, I see no comment cards from the members of the public so unless there are other questions, we can entertain a motion to accept the report.

>> Councilmember Campos: Motion to accept.

>> Councilmember Herrera: Second.

>> Councilmember Liccardo: All in favor, any opposed, that passes unanimously. Thank you very much. We're on to item D-3 the San José municipal water system, 2010 urban water management plan update. Hi Mansour. Welcome John.

>> John Stufflebean: Good afternoon, you have the report. I'm going to make a brief presentation on the urban water management plan and I want to start by mentioning that this is a plan that applies only to the Muni water area in San José. So it applies to 12% of the area. The other retailers have to provide their own plans which they do independently of the city. And again our recommendations are to accept the report, and to actually go to -- we'll go to council on the -- it's scheduled on the 7th then deferred to the 14th for about the public hearing for the implementation. The outline of the presentation we'll talk a little bit about the history of urban water management plan, the content of the plan what's new and outreach. History and overview, all started back in 1973, with California urban water management act, assembly bill 797, it applies to all water suppliers who serve more than 3000 customers, or 3000 more of any peak load so it applies to us. The plan is required to be updated every five years so what we have here really is the updated version of the plan. Most of the changes are simply updating to keep track of the new numbers that result from this update. We prepared in plan every year. This one is the 2010 plan, a six month extension was granted because of the difficulty of getting some of the data that people are having across the state. So it's actually due July 1st. I would mention that we really couldn't start this plan until we received the data from the water wholesalers, which is why we're coming to you at this time. The plan must address four things: The demands for water in your area, the supply and reliability of water, water storage contingency planning, water shortage contingency planning, what you do when you have dry years, and then conservation measures. As I mentioned, the new components of the 2010 plan include detailed demand projections for lower income households which we had already prepared, and more requirements related to demand management or conservation. Particularly, and I think the thing to know here is that the state funded grant loan eligibility is based on compliance with this. So that is the one kind of thing that drives us to make sure we do this correctly of course. There is no fines or penalties but you could potentially lose some grants and loans. As I mentioned the application deadline because extended to July 1st. The big thing that's italicized that's new with this plan is the requirement that we provide an analysis on 2020 water use targets and that's required by

the water conservation act. So this is something that's new since the 2005 plan. How are we going to reduce water use by 20% per capita by the year 2020, lots of 20s. The content of our plan, again in general the demands are projecting an increase from 21,000 acre feet per year to 45,000 acre feet per year over this 25 year period. Which may seem like a lot and the reason -- the main reason that increase is because of North San José intensification. North San José is mostly in the Muni water area, so that's where most of the increase is. There's also some down of course in the evergreen area. That includes and discusses recent supply planning efforts. To that I wanted to highlight was -- are the water supply assessments, so we wanted to make sure this was consistent with obviously envision 2040, and also recent agreements with the San Francisco PUC regarding water supply agreement which go out to council last year which basically -- and our water sales contracts. So basically our agreement is with SF PUC for the water we buy in North San José. It also includes analysis of the 14 different demand management measures and supply reliability and water shortage as I mentioned. Here's just a listing, and I won't go through these, of different kinds of demand management measures that are covered in the plan, as you can see. About everything you can think of, of how you can reduce water use. And then specifically to the 2020 water use targets, the first thing you have to do is say 20% from what? What is the baseline for your water use? And the plan proposes a baseline, it's established by the water use from the years 1997 to 2006. There are reasons why we use those years. It basically comes out to 180 gallons per capita per day, per person per day. That results then in a target of 2015 of 162 and the 2020 target, which again is a 20% reduction from the 180, of 144 gallons per capita per day. The method selected was a 20% reduction from the baseline, which is -- there's four methods you could use. This is the one we selected. We think it is the most beneficial for the utility. And again, our current use is at 165 so we want to bring it down to 154. We have to do some pretty aggressive measures to reduce the water use. The reason -- one reason it's fairly slow right now is because of the slow economy and drought, that obviously reduces water use. And again as I mentioned eligibility for state -- for grants and loans depends on meeting these targets by 2020 and state law. So just briefly we obviously need to continue our current water conservation efforts, this is what the client proposes, which include our incentive programs, toilet rebates, rebates for our clothes washers, industrial equipment, landscaping and so on, it includes partnerships with other agencies, particularly the Water District, and regional outreach campaigns. It includes continued implementation of citywide policies, including submetering requirements, so everybody gets metered so they have an incentive to reduce their water use. Landscape ordinance and gray water guidelines. Beyond that

comes some additional efforts that we think may be needed to achieve this target, our new conservation programs, and we have some ideas on those that we will be bringing to council over the next few years, expanded water recycling which we're making some great efforts on. The revision of the targets by 2015, to account for water use by increase by commercial industrial sector will also be part of our plan, to move ahead and formation of regional alliance. If you form a regional alliance, you can revise your target based from what you've chosen as an individual target because obviously they want to encourage these efforts to be done on a regional basis. And then finally on our outreach I just wanted to mention that we've done a significant amount of outreach. We've had public meetings and newspaper postings, we've worked with the water district and SF PUC and Basqa on outreach efforts. And also with the county and local retailers. Again, here is our recommendation and we have water staff here to answer any questions you have. Thank you.

>> Mayor Reed: Thanks John. Councilmember Herrera.

>> Councilmember Herrera: Thank you, thanks John and thanks Mansour. I just want to say that Muni water is a great example of a very well run department agency. And I'm really glad that we have it as part of the city of San José as part of our infrastructure and just want to point out again that there's no infrastructure backlog with Muni water, still no infrastructure backlog Mansour?

>> No, all our infrastructure needs are funded.

>> Councilmember Herrera: We unfortunately can't say that about a lot of infrastructure in the city. And even though there are some rate increases, still maintains very low rates as compared to other water utilities for its customers.

>> We are recommending a 5.9% increase, and our rates will still be well below the average in the Bay Area.

>> Councilmember Herrera: And we still through Muni water have access to Hetch-Hetchy water which is some of the best water that you can obtain in the manufacturers of North San José, the companies of North San José

are very, very glad to have that water and would like to continue to have access to that, no guarantee, but be glad to have part of the system is that right?

>> That's right, we have the contact at least through 2018.

>> Councilmember Herrera: Wonderful. So I just have two questions. So we're going to be increasing the use of recycled water. What impacts to infrastructure or anything we're going to -- do we need to improve upon to increase that recycled water use?

>> John Stufflebean: Well I'll start by saying that one of the elements of our budget this year is to do a master plan for the recycled water expansion. As we have discussed before, the recycled water system was originally developed as an outfall to the water pollution control plant and has transformed over the years into a water utility. So one of the main things we want to do is to make sure that we have the reliability to be a true water utility. There are a few things we need to do to make that happen. We need a different financial model because we've really maximized the use of sewer funds for the recycled water system. So we are looking at the San José water company has stepped forward and offered to assist, developers can certainly assist so we are looking at other models for expanding the system and also, working with the Water District is a key component to that. Mansour, did you want to add anything to that?

>> That's correct. We're finding out that to maximize it we can do so much in expanding the team about 20,000 acre feet from the current eight to 9,000 acre feet, that the maximum use we can get if we do some indirect potable recharge and that requires partnership with the water districts, that's where we find out we can do maximum use of recycled water without expanding the system.

>> Councilmember Herrera: So we're looking at the water company and Water District to actually expand the system, partnering with them to expand the system in the system?

>> John Stufflebean: Yes, certainly. We're looking at all ways to expand the system, including the Water District --

>> Councilmember Herrera: Are we talking about more purple pipe also?

>> John Stufflebean: Yes, doubling or more than that of purple pipes, in terms of water usage. But beyond that it starts to become very cost prohibitive to expand much more than that. That's when we need to get into other methods which we need the water district to help us implement and that basically Mansour mentioned indirect potable reuse, which is an issue we have a lot of work to do before there is decision made on that but that would be really the way to get a big jump on recycled water reuse.

>> Just as an example, we had an agreement with San José water statement to expand the system by \$18 million. We have seven new alignments that they would also like to construct in their area to expand recycled water. That will be funded by them and they will get approval from the PUC on these projects.

>> Councilmember Herrera: So you talk about other methods, talk about treating other water at higher -- doing more treatment to the water to create more recycled water?

>> John Stufflebean: Right. So one of the elements of our system is that we are now with the Water District building an additional treatment plant that provides even higher level of treatment. The current recycled water is treated -- meets all the standards for its current use. But if we're looking at future uses, such as indirect potable, we would be looking at the need to have even higher treatments, the water district is funding most of that project. We are kicking in \$11 million of a \$55 million project, so it's mostly funded by the water district. And that would be then to provide a plant that's equal to any plant in the country with respect to how clean it treats the water. Essentially the same treatment level provided by Orange County and their very successful program they're doing the same thing down there.

>> Councilmember Herrera: My question is around water storage. Do we plan any water storage kind of upgrades? It seems like we're you know it's either drought, feast or famine, kind of thing, now we've got tons of water and the state has had to declare, it's not really a drought when we're flooding, long term looking at water issues. How do we store water for when we're going to need it? Is there any sense of how we can --

>> John Stufflebean: So I can answer on two parts, and I'll let Mansour answer anything else. But certainly in terms of -- most of the water storage is done at the wholesale level so it's really the Water District and SF PUC that have the majors water storage facilities. And since the Water District is our main water supplier, they have reservoirs, 10 reservoirs around the valley where they store water, San Luiz reservoir, and then also the groundwater is a huge storage unit. So really we are in better shape than almost anyone else. Certainly the probably best shape of anybody in the Bay Area. For our own purposes in Muni water, our storage is mostly limited to fairly small storages that we just use for more like daily, weekly changes in water not for long term drought kind of situations so certainly working with the water district and San Francisco to help them maintain their storage facilities and potentially look at new ones. It's pretty hard these days to get anything new. But they're looking at some possibilities. I'll let Mansour add.

>> Councilmember Herrera: I was just asking vision in the future. I know we don't have storage for Muni water, but if we have this drought projected off in the future possible needing to decrease water is storage one of the ways we handle it? I don't know I'm just really asking it as a --

>> To add to what John said, the district has a contract with the area, called semi tropic and southern clatch and Bakersfield. During days like this they put water in the storage area and in the event of drought they exercise their contract and to get water from that semitropic. So the district does have that kind of a system in place in the event of a drought.

>> Councilmember Herrera: Good, I'm glad to hear that, thank you.

>> Councilmember Liccardo: Councilmember Rocha.

>> Councilmember Rocha: Thank you, I do have one question. Both heard already earlier about the capital project. In looking through that, I just say a brief mention of it. Is that not a required component of it to have an extensive plan in here, or did I miss it?

>> The purpose of the plan is to look at our supply and demand projections. There's a component in the plan where we talk about what wells we're going to be constructing in the future years and I think we listed three wells that we are projecting to construct in 2025 and 2020. So that's a capital component at this time.

>> Councilmember Rocha: So it's part of infrastructure?

>> That's right.

>> Councilmember Rocha: Not a requirement --

>> Just to meet a demand in growth.

>> Councilmember Rocha: Okay, thank you.

>> Councilmember Liccardo: The one question that came up for me, revolved around 2018. And I understand that the San Francisco -- the Hetch-Hetchy water contract, essentially runs out in 2018. We get five years notice. I had understood from our prior conversation, there was some concern about whether or not we could hang onto the, I don't know, is it 5 million gallons a day that we get, I think it's more than that, from San Francisco utility district.

>> Four and a half million gallons.

>> Councilmember Liccardo: Four and a half, thank you. That there is some significant concern about whether or not we could continue to maintain that supply. What's plan B?

>> John Stufflebean: Well I guess let's talk about what the real risk is. We are in pretty firm footing in keeping that, even around 2018. I want Mansour to discuss that first.

>> Our contract is now through 2018. They're going to have -- they're going to open hear, the FERC, federal energy, I forgot the acronym what it stands for. They're going to open hearings on the Don Pedro dam and they're going to determine how much water each agency is going to get in 2018. By that time San Francisco will have a pretty good idea how much water they will have available to give agencies that are on the current system. The contract also calls for us to prepare CEQA documentation, where do we get our supply? We have some concern on long term groundwater pumping because of subsidence issues. Another option we'll be looking to the Water District. We have a contract with the Water District for the Evergreen system an option and there is an intertie between the Water District and the Hetch-Hetchy system. So we're looking at long term possibility of winning water through our contract through the Evergreen system to the North San José area. That would be another option.

>> Councilmember Liccardo: Thank you. I understand the perils of ground -- excessive dependence on groundwater pumping but going to the Water District, assuming that they've more or less maxed out on reservoir capacity they would be going to groundwater too wouldn't they?

>> Yes, the Water District -- we used to in the valley pump about 200,000 acre feet in the past. We have pumped to 150,000 acre feet. So we are actually seeing some artesian conditions in the valley. The district constructed three water treatment plants in the '70s and '80s so our dependence on the groundwater has lessened. Again, we will look at groundwater to supply any reduced event in the Hetch-Hetchy system.

>> Councilmember Liccardo: Thanks Mansour. Unless there are other questions or comments, I see no comments from the public, motion to accept the report?

>> Councilmember Herrera: Motion to refer.

>> Ed Shikada: Actually, Mr. Chair, there is a note in the staff report to refer to the council for full action.

>> Councilmember Herrera: I'll include that in my motion.

>> Mayor Reed: All in favor, no opposed. Open forum. I see no one running to the mic so the meeting's adjourned. Thank you.