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>> Mayor Reed: Good morning. Would like to get the city council meeting started. This is the labor update part of our meeting. We'll get that and then turn into closed session and come back here at 1:30 for the rest of the agenda. That's Alex Gurza is the only one here. In what do we call that the staff box the batter's box whatever it is here. I assume he's going to have the update.

>> Alex Gurza: Good morning, Alex Gurza, deputy City Manager. We have no report for this morning.

>> Mayor Reed: I have one request to speak, Robert Sapien.

>> Good morning, mayor and council, Robert Sapien, president San José firefighters local 230. This morning we have delivered a binder just like this to every one of you. In that binder is 50 cases of case law that establish the vested rights doctrine, I encourage you to read it. And not continue down the path you're going on. The City Manager and her 150 plus page report fiscal emergency report, does not produce one California legal ruling that would allow what you are doing. Zero saying you can do what you are proposing. We have over 50 that say what you're doing is unlawful. It's time to get real and negotiate. Again, over 50 cases backing up our position. And all we've seen is a journal from the city, an article from an attorney who just lost 7-0 on another vested rights case in another jurisdiction. There is ample time to agree on lawful pension reform. It is in the best interests of the citizens of San José. Our employees. And the city overall to come to lawful agreement. Thank you.

>> Mayor Reed: That concludes the public testimony. We are going to adjourn into closed session. We'll be back here at 1:30.

>> Mayor Reed: (gavel strike) Good afternoon. I'd like to call the city council meeting to order for November 29th, 2011. We'll start with an invocation. Councilmember Pyle will introduce the invocator.

>> Councilmember Pyle: Thank you, mayor, we have with us tonight father Joe Kim from the Holy Spirit Church. He is a native to San José and the son of immigrant parents. Joe graduated with an engineering degree from Cal Berkeley, go Bears, and shortly after, in 2005, entered the seminary. In June 2010, Joe was ordained a priest at the San José diocese and was the first Korean American priest ordained in Northern California. Welcome, Father Joe Kim.

>> Thank you, councilwoman. It is an honor and privilege to be here with you all on this occasion to invoke our God on this meeting. We give thanks especially for leadership, and Teddy Roosevelt was a man who also had a reputation for being a little frank and direct. In 1900, before he entered the White House, he wrote, "No community is healthy where it is ever necessary to distinguish one politician from his fellows because he's honest. Moreover it is not enough that a public official should be honest. No amount of honesty will avail if he is not also brave and wise. Leadership requires two virtues that seem very simple until they become inconvenient. Honesty and courage. All of you have earned the right to be here because you have the trust of the people of our great City of San José. But along with that honor comes a duty of humility, integrity, public service, and thanksgiving. John F. Kennedy once said, as we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them. So let us now settle our hearts for a moment in prayer. God of justice and mercy, thank you for the gift of light of. And the opportunity to serve the people of our great city. Help us to agent with character and conviction. To listen with understanding and goodwill, to speak with charity and restraint. Give us a spirit of service, remind us that we are stewards of your authority. Guide us to be the leaders your people need. Help us to see the humanity and dignity of those who disagree with us and to treat all persons, no matter how weak or poor, with the reverence your creation deserves. And finally, father, renew us with the strength of your presence and the joy of helping to build a community here in San José worthy of the human person. We ask this, as your sons and daughters, confident in your goodness, and love, amen.

>> Mayor Reed: Thank you, father. Our next item is the pledge of allegiance. Please stand for the pledge. [pledge of allegiance]

>> Mayor Reed: First item of business are the orders of the day. I have a couple of changes from the printed agenda. We need to defer item 2.3A and C approval of council committee reports to December 6th. And item 6.1, audit of airport police safety level of service and item 6.6, airport law enforcement services outsourcing update, et cetera, we will hear those two together, right after the City Manager's report, item 3.1. Any other changes to the printed agenda?

>> Councilmember Pyle: Move to approve the balance.

>> Second.

>> Mayor Reed: Motion is to approve the orders of the day. All in favor, opposed, none opposed, that's approved. Please note that we're adjourning today's meeting in honor of Pastor Edmund Ed Morales, who passed away on October 3rd, 2011 at the age of 58. Pastor Ed headed the Victory Outreach Church of South San José. He was born and raised in Fullerton and came to San José in 1979 to start a church with his wife Mitsy after serving his country during the Vietnam war. He trained 48 pastors who had their own congregations. Today his congregation is one of the largest of the 700 parishes that are part of the Christian Church Victory Outreach International. Pastor Ed was admired and respected for his effective and unorthodox approaches to reducing gang violence. He established Cease Fire Ministries, a strategy to encourages truces between the Norteno and Sereno gangs. Pastor Ed was a faithful and passionate husband, father, and pastor, and he will be missed by many, many people. His family is with us here today, and we appreciate them being present and their service to the community along with pastor Ed. Thank you very much for being here. Our next item is the closed session report. City Attorney.

>> City Attorney Doyle: Mr. Mayor, the city council did meet in closed session this morning. There's no report.

>> Mayor Reed: We'll now move to the ceremonial items. Would like to start by inviting Councilmember Pyle, San José disability advisory minister Kohl Witt and James Gil to join me at the podium.

>> Councilmember Pyle: It is my pleasure today to talk about world AIDS day proclamation. In 1988, the world summit of ministers of health on programs for AIDS prevention established world AIDS day in recognition for the need of a worldwide effort to address the AIDS crisis. The aim of World AIDS day is to focus on the treatments, causes and possible cures for HIV and AIDS, by one, opening national and international channels of communication, 2, strengthening the channels much experience and 3, forging a spirit of social tolerance throughout the world in addressing HIV and AIDS. Since 1988 World AIDS day has received the support of the world health assembly and the United Nations, as well as governments and local communities worldwide, as the only international day of coordinated action in the fight against HIV and AIDS. The 24th world AIDS day on December 1st, 2011 will help raise the public awareness of HIV and AIDS to prevent the spread of the disease, treat those infected and seek cures. The theme, getting to zero, highlights the need for all to pledge to work towards universal access, to HIV and AIDS care, treatment and prevention. Getting to zero calls on all sectors of society, including families, communities, and civil society organizations to take the initiative and provide leadership in achieving the goals of zero new infections, zero AIDS-related deaths, and zero discrimination. So therefore I would like the mayor to present to Carl Witt the word AIDS day proclamation, and Carl along with his favorite companion, one of my favorite dogs in the whole world, is here to speak.

>> Thank you very much. Thank you, Mayor Reed, Councilmember Pyle, and city council of San José for this proclamation. As chair of the disability advisory commission I'm -- it's with great pleasure that I accept this and for the many years and history that the city has proclaimed December 1st as world AIDS day, it's a pleasure to know that the city cares. As we are beyond 30 years of this epidemic, it still is not under control. And I'd like to invite you to come out this Thursday evening, December 1st to the rotunda here at City Hall where we'll have our observance of world AIDS day in the community and we are centered around youth this year and have many presentations from youth, a group of independence high school, we have a young man who is living with HIV who is going to speak, and a young woman I believe was born with HIV many years ago and is living with HIV in her life. Young people are the highest rate of infection with HIV in this world today and particularly in our country and

so the word is not yet out. Of how to prevent this disease. And it is preventable. So I encourage you to raise your awareness, to talk with your children, to talk with your families and really, talk about this disease. And talk about how to prevent it. And I thank you very much for this. Thank you. [applause] Saddam

>> Mayor Reed: Now I'd like to invite Linda Wilson to join Councilmember Pyle and myself at the podium along with the Martin Fontana parks association, please come on down as we commend the Martin Fontana Parks Association for their dedication preserving and enhancing the beauty of T.J. Martin and Jeffrey Fontana parks.

>> Councilmember Pyle: This is one of my favorite groups because they do so much for the community. The Martin Fontana parks association was established as a nonprofit in August of 2010, to raise awareness and provide funds to preserve and enhance the beauty of the T.J. Martin and Jeffrey Fontana parks. The unique location of the Martin and Fontana parks under PG&E high voltage transmission lines, since their founding the Martin-Fontana parks association have worked with PG&E, to save countless trees from being cut so that only 13 had to be removed over the original 77. The Martin Fontana parks association has established a working relationship with our city forest, the San José adopt a park program, San José's parks foundation and neighborhood volunteers to plant 240 drought resistant California native trees and shrubs throughout the parks. So mayor Reed if you would give to Linda Wilson, speaker of the group, the commendation. Thank you, Linda. Would you like to say a few words?

>> On behalf of our nonprofit association, I'd like to thank Mayor Reed, Councilmember Pyle, and the rest of the councilmembers, for this award. We appreciate this very much. The Martin--- excuse me -- Martin Fontana parks association we'd especially like to thank Pier Magiani who was our first president, he and Dick Stevens, the first presidents believed in community action, believed if we could get together we could be a strength that could be heard and make a difference in our parks. We formed a nonprofit with a threefold mission. The first one was to stop the wholesale destruction of 140 trees that were slated to come out over a two-year period. 13 were removed before we got our nonprofit status. Since then we've only lost seven. We're also working with the city and PG&E in restoration projects, so that in areas of the park where the trees have most of the trees have been removed under the power lines, we are able to put in other kinds of landscaping, to make up for their loss. We're working

on enhancement projects and so far, we've spent about \$4500 of donations. So we're always out there raising donations and putting the money back into the park. It's been an experience, learning to work with the city, and especially learning to work with PG&E. And we've learned that you have to stand up for yourself. It works. Thank you very much. [applause]

>> Mayor Reed: Thank you.

>> Mayor Reed: Like to invite Councilmember Campos and Julian Zamora to join me at the podium. We're going to commend Julian Zamora from Mt. pleasant high school for his involvement in the San José police department Public Safety ad campaign. Councilmember Herrera and Councilmember Chu are going to join us, as well.

>> Councilmember Campos: Thank you, mayor. Good afternoon. Today I'm excited to share with you a successful project that was done to promote something that was very important to all residents of San José. And that is public safety. The San José police department collaborated with my office, Councilmember Chu and Councilmember Herrera's office, along with Mt. pleasant high school in an effort to make our city safer. The phrase, "light it, lock it or lose it," created by the San José police department, is an easy and effective way to encourage safety tips, that can deter crime and theft in our neighborhoods. Using the concept, light it, lock it or lose it, the police department came up with the idea of working with our high schools to create a graphic design piece that would ultimately be used as a public safety ad throughout our city. Various students from Mr. Clark someeple's graphic design class stepped up and created a piece for the ad campaign. The piece created by Julian Zamora who is currently a junior at Mt. pleasant high school in district 5 was chosen by deputy chief Larry Esquivel, crime prevention specialist Sandra Avila, and Lieutenant Robert Millard to represent the San José Police Department public safety ad that would be featured on a Valley Transit Authority bus throughout East San José and North San José. Julian's creative take on light it, lock it or lose it, fit the expectation San José PD was in search of to properly and effectively promote Public Safety. I also want to add that Julian is very talented. He submitted work for the Measure E bond logo design contest for East Side Union High School District. He has also entered into the doodle for google design competition and was one of this year's winners for the downtown doors competition sponsored by San José downtown merchants association. Currently displaying his artwork at the San

José repertory theater. Julian has a great talent and I'm excited for his future in graphic design. So with that, mayor, I invite you to please present this commendation to Julian Zamora. [applause]

>> I would like to thank everyone for this opportunity to make a difference in my community by bringing awareness to my city about safety. Thank you for selecting my work because while giving back to the community, I am honored being a high school student to be given the opportunity to have my work on the VTA buses and bus shelters in San José. I cannot thank you all enough.

>> Mayor Reed: Thank you for coming. Congratulations.

>> Mayor Reed: I'd like to invite Councilmember Herrera back to the podium along with Councilmember Kalra, Tanya York, Joanna Ferris, Charity Webb and Jesse Boykins to join me at the podium. Please come down as we are recognizing November as the family caregiver awareness month in the City of San José.

>> Councilmember Herrera: Thank you, Mayor Reed. Today with us, Tanya York of the national family caregivers association, and Joanna Ferris CEO of the Silicon Valley African American Cultural Center. Both of these groups are committed to supporting family caregivers and raising awareness about the vital work that they perform every day. I really want to thank both of you for being here today and today we are proclaiming the month of November as family caregivers awareness month in San José. We are shining a spotlight on the huge number of Americans that serve as caregivers to family, friends and neighbors. 65 million Americans serve as family caregivers over 11,000 of those are in Santa Clara County. This is an issue that's very important to me as a councilmember, also personally, as I served for several years as a primary caregiver for my mother as she battled Alzheimer's. I personally understand the toll on family caregivers, as they provide medical, financial and emotional support for loved ones afflicted by all kinds of medical conditions. 66% of these caregivers are women and they are two and a half times more likely than noncaregivers to live in poverty. Care giving families have median incomes 15% lower than noncare giving families and caregivers report higher levels of isolation and depression than noncaregivers. But family caregivers are also the foundation of long-term care nationwide. We literally couldn't do this, couldn't take care of this population without the volunteer services of our caregivers. Exceeding

Medicaid long term care spending in all 50 states. This is why I'm grateful that we have the national family caregivers with us today to highlight these challenges but also the incredible work that caregivers perform every day. The NFCA educates, supports, empowers and speaks for the more than 65 million Americans who care for loved ones with a chronic illness or disability or the frailties of old age. NSCA's core messages are, believe in yourself, protect your health, reach out for help and speak out for your rights. And the African American Community Services agency supports this work, doing a great amount of outreach and support for family caregivers for all of their work. Of raising awareness about the issues that impact family caregivers, I'm very grateful to the NFCA and the Silicon Valley African American Services Association for being here today, and I'm glad that the City of San José will join their efforts to raise awareness. And now I'd ask Mayor Reed to on behalf of the city council to present Tanya York with this proclamation.

>> Thank you, Mayor Reed, Councilmember Herrera and Councilmember Kalra. I'm Tanya York, and I represent the national family caregivers association. The national family caregivers association speaks up for the more than 65 million Americans who care for sick elderly or disabled family members. Over the next 20 years, that number is expected to grow astronomically as our -- as we age. Not only do we provide a service to our loved ones, we also save this country over \$500 billion a year by caring for our family members at home. So on behalf of the national family caregivers association, myself, along with the other 11,000 family caregivers who live in San José and Silicon Valley I'd like to say thank you again to Mayor Reed, councilmembers Herrera and Kalra and to the rest of the city council for recognizing this November as family caregiver awareness month. Thank you. [applause]

>> Mayor Reed: We'll now take up the consent calendar. Are there any requests to speak on the consent calendar? I think none.

>> Councilmember Pyle: 2.3.

>> Mayor Reed: Councilmember Pyle, 2.3, the report of the neighborhood services and education committee. Councilmember Kalra. 2.5. Councilmember Liccardo.

>> Councilmember Liccardo: I'd like to register a no vote on one item, 2.7. I didn't desire to speak though.

>> Mayor Reed: Okay. Any others to pull off? I need a motion.

>> Councilmember Pyle: Move to approve.

>> Councilmember Herrera: Second.

>> Mayor Reed: Motion is to approve the balance of the consent calendar. All in favor, opposed, none opposed, that's approved. Leaving us to consider item 2.3D neighborhood service and education committee report on November 10th, 2011. Councilmember Pyle.

>> Councilmember Pyle: Thank you mayor. When things go on you have to fix them and go on. But when things go right it's only right to take a few minutes of time to praise what went so well. And I wanted to discuss the senior nutrition program for that reason. Of the 26 employees hired by Bateman to staff this program, 20 are former city nutrition employees displaced by the program reduction. Thanks to Bateman for proposing and delivering a nearly turnkey service model within our budgets. Santa Clara County for support and collaboration in the area of funding food quality and assurance. PRNS for implementing the new program model and for continuous accordance and communication with program recipients to best ease the transition. Senior nutrition task force for gathering stakeholder support and providing clear direction and since Pete is on that same group did you care to add anything to that?

>> Councilmember Constant: Thank you, Councilmember Pyle. I just wanted to express again my thanks to the task force. We were faced with the potential complete elimination of this program. And while we were able to not only save it, we were able to save it by saving money and providing the same level of service. As far as the number of people served. And I think that's really important. And hopefully, we find similar models as we face continual budget difficulties in the years ahead in our other programs. Thank you.

>> Councilmember Pyle: And with that I move to approve.

>> Councilmember Herrera: Second.

>> Mayor Reed: Motion is to approve. Councilmember Chu did you something to say on that? Motion is to approve item 2.3A. All in favor, opposed, none opposed, that's approved. Item 2.5 travel report Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. Just wanted to make a very brief report-out that November 9th through 11th, I participated in the national league of cities, Public Safety, crime prevention committee activities in Phoenix. The committee continued its work on resolutions for the national municipal policy which is the guidelines that the national league of cities uses for pursuing legislative priorities and legislative change at the federal government level. At that meeting I was also selected to remain the vice chair for next year. Thank you.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. I attended the league of California cities board of directors meeting in San Diego on November 17 to noon of November 18. In addition to a memo, which I reported the boards formally adopted the strategic goals for 2012, I also wanted to report that the boards also unanimously approved to support a CSAC California state association of counties, propose to put a measure on November 2012 ballot. Which would require the state to provide counties and the local government with a guaranteed source of revenue to fund realigned services and would also prohibit the legislature from raiding those funds in the future. With that, thank you.

>> Mayor Reed: Anybody else on travel reports? All right. We don't need a motion on that because those are just reports. So that concludes the consent calendar, making note of the fact that Councilmember Liccardo voted no on item 2.7. Item 3.1. Report of the City Manager.

>> City Manager Figone: Thank you, Mr. Mayor, members of the city council. I have two items to report on. First of all, AMR the parent company of American Airlines, voluntarily filed for Chapter 11 bankruptcy. According to staff, this is not unexpected news, and we do not expect any impact on flights into or out of San José. American Airlines was the only legacy carrier in the U.S. had a had not filed bankruptcy in the last decade. In its announcement American said it will continue normal business operations while it reorganizes, to achieve a more competitive cost and debt structure. We have seen the same approach by other carriers that have gone through bankruptcy in recent years. American also contacted our airport this morning to advise us of their financial status. And to confirm their intentions to fly normal schedules honor all tickets and maintain their frequent flier programs. American currently has about 10% of Mineta San José's flights and is our third largest carrier behind southwest and Alaska Airlines which together have about 70% of our flights. And I also want to call your attention to a memo that I distributed this morning informing you that city librarian Jane Light has announced that she will retire at the end of March. The memo is quite thorough on her accomplishments and we will have time to thank Jane because she won't be leaving until the end of March. But I would like to just say that her tremendous contributions to the library have made a very significant difference during her nearly 15 year career with the City of San José and because Jane has given me the amount of notice that she has, I will rely on her very heavily as we move into this next period of budget development during these uncertain times and search for our next leader of our library system. And that concludes my report.

>> Mayor Reed: We'll now move to item 6.1 and 6.6 to be heard back to back. 6.1 is the audit of airport Public Safety level of service which we'll take up and then item 6.6 which is the airport law enforcements services update and. I think Bill Sherry will kick this off.

>> Bill Sherry: Thank you, mayor, Bill Sherry, director of the airport for the City of San José. We don't have a presentation, our recommendation, would not have been possible had it not been for the City Manager's office, the budget office the PD in and of itself has really come a long way helping us bring this recommendation to you all. And certainly, inclusive in that is the City Auditor's office that was of great help. Staff is available to answer any questions you might have. I just want to point out that this recommendation has been before the Public Safety, finance, strategic support, and the mayor's ad hoc committee on airport competitiveness and both committees

recommend it unanimously to mooch it forward to council and recommend its approval and we stand ready to answer any questions you may have.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. As Bill mentioned we heard this item at the Public Safety, Finance and Strategic Support committee, and the committee felt very strongly that the airport and the City Manager's office have made the right decision here. I think it's really important for us to continue to work to ensure that our passengers, our residents, and businesses travelers remain safe at our airport. I think that this, while considerably changing the staffing levels, will allow us to do that and allow us to maintain the level of service that our travelers deserve. There is one item that I expressed a concern with at the public safety committee and I'm just going to repeat it here just for every -- so everyone can hear my concern, although I don't disagree with it. And that's on 6.6 on the memo, item D, which basically allows an automatic trigger for renegotiations, reinstatement of negotiations with the county sheriffs office with no further competitive procurement process or quite frankly no council action. It sets a trigger of \$12 of the CPE, and my concern is there are many factors that go into calculating CPE. And I would -- I asked Bill and I think he agreed that I think we have to be cautious, and in exercising that trigger that if we're going to do that, that the rising cost is due to the police services. I would hate to see any one of the other myriad of different costs that go into there go up for some reason a very large percentage that bumps it over 12 and then we automatically default to dealing with the public safety issue change instead of whatever the cost driver is. So with that I just -- I know that Bill is going to be cautious of that. We'll have further discussions as we go along but I just want to make sure everyone understood that that's my concern. Because as we know there are a lot of factors that go into that \$12. And with that I'd make a motion to approve both 6.1 and 6.6.

>> Second.

>> Mayor Reed: Motion is to approve 6.1 and 6.6. I have no cards from the public to speak on either of those items so we can take them together. I have a motion to approve. I have some requests from councilmembers to speak to that so we have a few more questions. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. I just had one question. Relating to the audit portion. Thank you, Sharon. It really had to do with some numbers that appeared in a couple different exhibits throughout the audit regarding workload and calls for service. And I was just trying to understand what the numbers meant look at whether it's exhibit 19 on page 34 or another exhibit at the very beginning of your audit. And I'll identify that in a moment. But it cites the same statistic which is the total calls of service for instance in the last fiscal year of 8,438. And then it breaks those down into, there are five categories that are described below. But apparently that list is not exhaustive because it would appear as though about half of those 8,000 are unaccounted for in the five and I'm just trying to understand what other calls for service are there other than those that are identified? Are there any large categories that would help us understand morale what happens there at the airport?

>> Sharon Erickson: Yes, you are correct, councilmember, Sharon Erickson City Auditor. That is correct. These are the major categories. So other categories were smaller and weren't grouped. So there was a total of 8400 calls for service. That's correct, of those, the largest number was the 1800 breaches of in gate alarms.

>> Councilmember Liccardo: Right, and that's just typically a passenger hitting a door and they shouldn't be going out that door, is that --

>> Sharon Erickson: Frequently it would also be an employee.

>> Councilmember Liccardo: So accidental entry or exit?

>> Sharon Erickson: Vast majority are accidental, correct.

>> Councilmember Liccardo: Would you help us to understand, I understand there are a vast number of reasons that would call for service but understanding what the most severe might be, I see there is 73 arrests for instance and we see those broken down to thefts narcotics and assaults. But is there any category that's not displayed here that would be particular serious safety concern that would help us just understand sort of what the police are dealing with out there? I see Mike coming down.

>> Bill Sherry: I'll ask for Mike to come down. Generally speaking councilmember the airport is a relatively safe zone. We have a very low crime rate. Most much our calls are for operational necessities, gate alarms, door alarms, those kinds of things but from time to time there are crimes that are committed. And I'm let Mike talk in a little bit more detail about what types of crimes we experience.

>> For example, councilman, we had a large uptick in stolen vehicles. 30% of those arrests were on stolen vehicles crews that were coming through the airport seeing easy marks with our Conrack, which is the consolidated garage. And the year before we had a big baggage theft issue where we had to do stings within the airport for the baggage claim which was a lot of our arrests and we had a lot of disorderly complaints drunks coming off of planes but the door alarms are what we deal with day in and day out.

>> Councilmember Liccardo: Thank you Mike, appreciate it.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, and I'm certainly supportive of seeing that San José police department continues to staff San José airport. I think it's appropriate. I think it -- but even more important than cost per emplaned passenger is safety. And that can -- especially in airport I think that although the numbers are relatively low in terms of ordinary kind of ordinary crimes whether they be theft or whether they be quality of life related crimes at the airport, the reality is you have security at the airport in terms of catastrophic event, Murray plane crash, those who want to do harm, I feel most comfortable with the San José police department to be there, the new model certainly brings down cost but the advantage that exists is of course having SJ PD officers on duty, SJ

PD officers surrounding and at the headquarters and so I think that gives a great advantage to have that continuity when there is an event at the airport. You know hopefully there never will be a need for it but again the airport is one of those unique places where we have to be prepared in all circumstances. And I also have a question about D. You know, I -- it seems, and Bill, I don't know why it would be necessary. I mean, if the costs go up you typically go to us, inform us hey the costs are going up we need to find ways to kind of reduce our overall cost per passenger. But it seems unusual that we would have a trigger specific to this particular -- to the law enforcement services even though they're not the ones that cause the cost to hit that 10 -- \$12 threshold. Is there a reason why you feel it's important that this has to be in there?

>> Bill Sherry: Yes, councilmember, I think Councilmember Constant put it well. There are a lot of things that go into the total cost per emplaned passenger. Law enforcement is one of those things. When we started this endeavor out of 430 commercial airports in the U.S. we were number 2 in terms of cost, security cost, law enforcement cost per emplaned passenger. In other words we were the second highest out of 430. Much to the credit of San José PD, City Manager's office and all the team that worked on this we've gotten that number down to what I consider to be in the average. We're not high, we're not low. So that's the good news. The problem is that in our cost per emplaned passenger, we are an industry high. We are number 1 for debt per emplaned passenger. And so when you have that cost center as an extremely high percentage of your cost per emplaned, all your other costs have to be below the medium. So away I think this recommendation is saying to you is, staff and the City Manager's office feel that we have enough tools in our tool chest to manage this for the next 18 months, through June of 2013, and we can retain San José PD, and still keep the cost below the \$12 which council set. Beyond that, it starts getting really murky and there are a lot of things that are concerning in terms of increasing cost. Not just with PD, but in all of our other cost centers as well. So what we're simply saying is, is we think that there's going to be a time when we need to come back and revisit this. I'm very sensitive to Councilmember Constant's concern. I think the way I put it is: He doesn't want to see other costs going up and then we attack PD as the brunt of those other costs going up and we certainly won't do that. But considering that there are a host of things that all play into that cost per emplaned, I think we have to keep all the items on the table for further scrutiny, including law enforcement.

>> Councilmember Kalra: I'm not saying we shouldn't, have an automatic trigger just for law enforcement, I still don't see why that's necessary. Everything you said in a complete sense, there are a number of factors, I agree with that. You're indicating it is the debt service the highest per passenger that's what's causing the other areas the necessity to reduce them. But when you say cost per passenger for public safety and you're saying we're now average I mean does that take into account the cost of living in an area as well? Because you know we're competing with airports from all over the country in the Midwest and the South that clearly don't have the same cost of living needs when it comes to the cost of what officers are paid and what have you.

>> Bill Sherry: It considers cost of living in some regards. We look at it, again when you think of an airline, they can put an airplane anywhere. They can put it in Kansas City or they can put it in San José. So their cost -- the cost here really isn't all that relative to where they put that plane. But having said that, we also look at other California airports. And I think we're in the middle of the range in terms of California airports which also have that higher cost.

>> Councilmember Kalra: What are we compared to Oakland and San Francisco? Because I mean really if somebody's going to fly into the region, fly into the Bay Area, those are the three choices, San José, Oakland, San Francisco.

>> Bill Sherry: Are you asking what the cost per emplaned passenger is overall in Oakland, or the law enforcement?

>> Councilmember Kalra: Law enforcement, if you have it. If you don't have it, then you can get back to me.

>> Sharon Erickson: This information is a little dated. But on page 35 of the audit record you can see San José in comparison to other cities per emplaned passenger based on the law enforcement component. We were back 2.85, back in 2009-10. That has dropped to 2.70 in 2010-11 down to 1.29 as of July of 2011. So can you see that we've dropped below. Now, the proposal here would increase staffing, so that number would jump back up to

around \$1.80 per emplaned passenger for the police, public safety cost. Which is about in the middle of where these other airports are.

>> Councilmember Kalra: Well, yes, but again, looking at Bay Area, Oakland appears to be close to \$2.50. San Francisco is over \$2. All I'm saying is that comparing at 1.80 yes, you know we're around Cincinnati. And we're more expensive than places that by the looks of it clearly have a lower cost of living. So I think the relevance is San José who certainly want to remain competitive with the Oakland and San Francisco. We want to remain competitive with all airports but it's just not possible. On cost like law enforcement, it is almost impossible to be competitive with Houston and Salt Lake City given the cost of living so I just hesitate that -- that there is -- we're actually giving direction with this recommendation, the motion on the table we're actually giving direction to staff that authorizes a reinitiation of negotiation with Santa Clara County with no further competitive procurement without coming back to council. And so I'm not comfortable giving that authorization today. If it's as simple as coming back to council in order to allow you, I mean I don't have a problem of not having to reopen a procurement process. That's again a lot of resources, lot of time, lot of energy lot of money but we've already gone through that. But at the very least it needs to come back to council for us to make a determination as to whether -- that law enforcement should be the one that we should be reopening and revisiting or other areas depending what the cost drivers are.

>> Ed Shikada: Councilmember, if I might try to clarify, Ed Shikada, assistant City Manager. One by way of background to note that the identification and evaluation of the county sheriff's office was the result of a request for proposals process a competitive procurement. So this recommendation would acknowledge that this process has been completed and would not restart a new RFP and evaluation of alternatively potential proposers. That is one. It provides that level of assurance perhaps both to the sheriff's office and to staff that we could immediately go to negotiations as opposed to entertaining other proposals. The second piece of that perhaps same expectation is that the negotiations would be based upon the proposals that had already been submitted. So if the sheriff's costs were significantly different from what had been proposed or any of the other factors had been -- had changed those would also factor into the ability of staff to have that discussion, and get more specific

information. Ultimately, the city council would -- city council approval would be necessary in order to enter into any contract with the sheriff's office.

>> Councilmember Kalra: I understand and I agree with keeping -- the work's been done and there's no reason to reinitiate the work. The issue I have is the including authorization reinitiate negotiations, I think at the very least council should be made aware of it and should give the go-ahead to reinitiate negotiations. We think our law enforcement is the best way we can try and reduce it. So I won't support 6.6 but I'll certainly support the accepting of the report.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. Pretty much all of my questions were answered when you took the time to come to my office and roll through this with me and I appreciate your time on this, I also saved us the time on this as well. I do have a question though more on the administration's response to the report and it talked about mated made a statement more about no policy recommendations were suggested. When you had gone through this, you had shared with me a little bit about the responses from PD in terms of door alarms and who responds to those. And talked about maybe changes on that to save some type for PD with the reduced workforce or reduced staffing levels to have more of the security respond to that. So I guess that's really not a policy question but if now that I have the director here maybe he can speak a little bit to that.

>> Bill Sherry: Yes, councilmember, dire alarms by and large were and still are our largest issue with PD. Previously, what we did is, a law enforcement officer would have to go to that door and have that door cleared in order to assure that the security area wasn't breached and we're still in compliance with the FAA criteria. Having said all that, one of the benefits of our new modern airport is just about every door in the airport, and surrounding all the terminals and the doors that have access to the security areas and the ramps and so forth Are all monitored with cameras and so we now have an airport operations center that when a door alarms we can immediately look at that door through camera both in the interior as well as the exterior and we can clear the alarm without having to have the PD respond or sometimes even our staff. Some of the policy changes that we

made in terms of the procedures now, are that if, for whatever reason, the airport operations center denotes an irregular operation or something that is suspicious, then we can send an airport operations individual there, and then if that person feels that more support is needed, then that individual can through the airport operations center contact the PD and the PD can respond. By having that new procedure in, it's better use of human resources and it allows the PD to concentrate more on the things that they need to be concentrating on as opposed to just clearing door alarms.

>> Thank you. And I was just using that one as an example, moderately my question about policy versus procedure. Thank you for explaining that, thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. We did hear this in our airport ad hoc committee. I feel more comfortable that we'll be able to keep San José police staffing at the airport. I asked a question at the committee if I can get back to that if you guys could answer that here, I thought that was interesting. If we had continued the previous staffing level, somebody from the police department talked about some of the inadequacies. Of that model. What are some of the shortfalls of that previous staffing?

>> Bill Sherry: Sure, councilmember. Just give everybody some relative numbers. When we started this initiative, the airport had a total staffing in the law enforcement unit of 52 individuals, full time queaivelts, F temperature.

>>> smaller inconsequently issues, through a combination of the City Manager's office, the airport and the police department, we concluded that we could possibly take it down to 22 individuals. And but in the process of reducing it to that level, we all concluded that that's a pretty dramatic drop and it's a drop that might be a bit too severe so we had to monitor it very closely. To determine if that level should be sustained. And I think all three entities, City Manager's office, PD and the airport, all concluded that it was too much of a drop. And so in working

with Sharon's report and the conclusions from that report, we really determined that that number, the appropriate staffing, given everything that we have, the new campus and the new traffic levels, are 27, 28 individuals.

>> Councilmember Herrera: And I remember one of the officers is talking about canine units. There are certain types of staffing that were developmentally creating a problem, some candidate of a problem.

>> Bill Sherry: Mike can address.

>> Two major issues we had councilmember, I'm sorry, were that we were having issues responding to medical calls, meeting fire personnel to the curb and bringing that very needed medical assistance for someone at need in the terminal and then we had the canine training. We were regulated by the TSA to have these dogs in tiptop form at all times, they are our bread and butter when it comes to bomb sweeps. We weren't making our numbers, helps the director with their bottom line so we had to get that straightened out and with their help we had have.

>> Councilmember Herrera: Thank you, that was the point, thank you very much. I had another question on that was just in terms of the difference between the cost of the sheriffs department and the cost of San José PD, is -- how much of that is just the administrative overhead cost from the city and going forward how do we address that relative to our emplanement, trying to stay at \$12 and you know I saw some of your -- some of the possible alternatives which were a little bit scary accrue an airport fund I don't want to get into it too much but I want you to address it a little bit.

>> Bill Sherry: When we began exploring this, there were really three elements that make up the total cost of law enforcement at the airport. The first is the allocation so how many people you put out there. In this case we're recommending 27. The second is the unit cost associated with each one of those individuals. And then the third is the overhead cost that comes either through county or through the city. When you compare the two models, the allocation is going to remain the same. So whether the sheriff does it or whether PD does it we people we need 27 individuals to do it, to do it correctly. And on that overtime shared basis. So when you then break it down into the unit cost and the overhead, I think your specific question is how does the overhead compare? I know that the

city has capped the overhead for law enforcement as 25%. And I believe the sheriff was in the 18% range. How much? 9% versus 25%. And I think that total was about 600,000 annual cost. If memory -- order of magnitude.

>> Councilmember Herrera: And how does that relate to explained passenger cost?

>> Bill Sherry: I'm sorry?

>> Councilmember Herrera: How does that relate to our explained cost per passenger?

>> Bill Sherry: If you take the 600,000 --

>> Councilmember Herrera: You have to amortize it --

>> Bill Sherry: Yes, somebody with a calculator can figure that out.

>> Councilmember Herrera: Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. Just I'm just trying to clarify what I think I heard you say, Bill, on 6.6. Item D. That upon reevaluation, you know, it won't be 18 months down the road, it will be sooner than that, you will come back with a recommendation, if costs do go up, and they are attributed to police staffing, you will already come back or this allows to you come back already, with a recommendation in hand to use the the procurement process to put the contract over to the sheriffs office without even coming to the council to say hey, costs are coming up, we got to figure something out. It almost seems like you're skipping that step. I think that's what Councilmember Kalra said he's not comfortable with and I'm not comfortable with that either. Is that -- am I understanding that correctly?

>> Bill Sherry: The recommendation says or gives us the authority to initiate those negotiations but ultimately we have to come back to council with a contract. Having said that and I'm looking at my boss here I certainly have no problems coming back to council asking for permission to commence those negotiations if the City Manager is okay.

>> City Manager Figone: You know I think that would be fine. We're probably putting too much emphasis on reinitiate negotiations. I think to Ed's point the idea would be to open up discussions with the Schaeffer so we really even know what their pricing is and to see if that's even viable compared to our own PD. I don't think it's reasonable to expect them even though they may have committed to hold their pricing firm, we know that PERS is going up and they may have to reconsider you know many of the elements that are in their proposal. I think that's really prohibited our recommendation you about I think if you would like us to let you know we want to reopen those negotiations I think we're fine with that.

>> Councilmember Campos: So I would be in support of the full motion if it included some language like that. I think the way the memo, for item 6.6, the way it's stated, it skips that step. And so if I would ask the maker of the motion if he would accept language that would add that ten.

>> Councilmember Constant: Thank you. I had similar concerns that had been expressed here, and at the plaifort committee, and given that it's the negotiations and not the actual contract and saying it's a done-deal I was comfortable with it. But I think if we could add on there that under item D, that the City Manager would issue a memorandum notifying the city council that the situation has changed, that the cost structure has changed and that they are going to begin this negotiation process, that would give any councilmember enough notice that they could take any action that they would like to take at that point if they didn't feel it was warranted. And I don't know who seconded it but that that would be my amendment.

>> Mayor Reed: I think Councilmember Herrera seconded it.

>> Councilmember Constant: I won't take credit for it.

>> Mayor Reed: Councilmember Herrera, is that okay with you seconder? We've got a recommendation to add that.

>> Councilmember Campos: Again just to resate that for the record, I don't think anyone would be able to provide the level of security service at our -- at our airport like our PD department. I think you know when I hear statements that issue that arise that are small and inconsequential, that doesn't requisite. why didn't you check that? Those things lead to breaches in security and you know our PD's trapped to do that. Not to say any other group isn't, but we are -- they've been running the -- this service at the airport and haven't had any issues. So thank you.

>> Mayor Reed: Councilmember Constant. Did you have other comments?

>> Councilmember Constant: No.

>> Mayor Reed: I had a couple. Looking at the chart exhibit 8 on page 11 of the audit, it's a list of, I don't know, 30 airports operating expenses, emplanements and cost per emplaned passenger. It's remarkable how much a spread there is between top and bottom for performing what should be the same service, more or less. But the factor like five to six difference on that which is amazing. And so I wonder if we have a real apples to apples comparison when I see that kind of a spread. But whatever that is, and whatever the reasons for the spread, obviously some places are a lot cheaper than us. And you have the number of officers and then you have the cost per officer. I'm convinced that 27 full time equivalent tos is probably the lowest we can go, based on experience. And when we come back to two years from now or three years from now we are probably going to not be looking at less officers, but the cost per officer and next year we're looking at an average cost per police officer of \$225,000. Now I know that the sheriff's cost are going to go up because the PERS retirement costs are said to be going up significantly. But clearly, our ability to control the cost per officer is key to keeping our cost in line because we probably can't get by with less officers based on the experience that we have. So I just want to underline that when we come back it's really going to be about how do we control the cost? And that's not

something the airport can do. That's the other things that we have to do in order to keep those costs under control. Because personally, I want to keep the San José police department at the San José airport. I think they're the best, and no matter how good the sheriff is, I don't think the sheriff will be quite as good, because the San José PD is the best. But the cost is a huge factor. And we just have to keep our cost at the airport under control because we'll be in really deep trouble there. That's important but I think it really does come back to us and how we handle the cost overall for the department and the officers there unless somebody can look at some of these others and figure out a totally different staffing model at Raleigh Durham or Salt Lake City or Portland or something like that because their costs are dramatically different. Councilmember Kalra.

>> Councilmember Kalra: Thank you Mr. Mayor. I appreciate Councilmember Constant's addition to require an info memo. I think if there's a reason for us to reevaluate that, there's a legitimate reason to not come back to have Public Safety be the default kind of trigger that we automatically start renegotiations with for an airport in particular I'd still rather have it all come to the council for a vote. So I believe I'll be voting for the motion so just for the clerk, my vote will be a yes on 6.1 on acceptance of the report and no on 6.6.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. I appreciate everyone's work going into the process. I point out if it hadn't been outsourcing janitorial we would be outsourcing the police. Because we maintain it but it takes the ability to outsource those other things that are not imminent security like janitorial. Thank you.

>> Mayor Reed: I'd like to so we make sure the record is straight, bifurcate. If that's okay on the maker of the motion. I'm going to call for the vote on 6.1, audit of Airport level of service. All in favor? Opposed, none opposed. On item 6.6 which is the staffing model and other related matters, we have a motion to approve the recommendations on that. On the motion, all in favor? Opposed? I count one, two opposed, Kalra and Campos. So both motions are approved. We'll now move to item 3.4, report on the request for proposals for citywide janitorial services.

>> Ed Shikada: Mr. Mayor, members of the council, as our staff team gets set, let me perhaps just kick us off. Once again, Ed Shikada, assistant City Manager. Perhaps -- it wasn't really planned but following the last discussion, and having another notable service that was the topic of a service delivery evaluation over the last two fiscal years, citywide janitorial services is obviously an item that has both a large dollar impact as well as important impact on the quality of the services provided to the community. So in prep for the report, on the procurement of the next round of janitorial services, we have Mark Giovanetti from our finance department our procurement manager who will be presenting the results of the procurement analysis and we also have two of our largest Clinton departments, the airport as well as Public Works, airport, to relate the experience from the managerial of the department services perspective and Public Works, really available for questions as you might have on contract compliance, labor compliance and the like. So with that Mr. Giovanetti.

>> Thanks Ed. Before I get started I'd like to mention that Rick Sanchez Vice President from GCA who is the recommended vendor is in the audience in the event there are any questions for Rick later on in this discussion. So to start with some background and context, prior to 2010, the city utilized a combination of both city staff and vendors to meet its janitorial requirements. For example, the airport 100% of its requirements for janitorial services were provided by city staff. Public Works, they utilized a combination of vendors and city staff. For example, they use vendors to service all of the community centers on vendor contracts between the vendors and the city. And here at City Hall they used a combination of vendors for the nighttime janitorial services and city staff for daytime janitorial services. So starting with the 2010-11 budget process. These budgets included very compelling service delivery evaluations or business case analysis to outsource 100% of city services. The -- or city janitorial services. The 2010 budget included FDE phs from Public Works, the airport and the water pollution control plant and the 2011-2012 process have included a business case analysis from PRNS to provide services at its various parks. Subsequent to the approval of each budget city staff started to leverage its existing agreements and we issued a series of interim agreements be to begin to immediately outsource these services. It started in July of 2010 with the three departments that I had mentioned previously and it concluded ownership the summer with PRNS. So right now we are on a 100% outsourced model for janitorial services. The purpose of our recommendation here today is to just summarize the competitive RFP process that was designed to get rid of all these piecemeal interim agreements that have served their purpose and to just discuss the consolidated effort to

go ahead and put all of our city services, memorialized them on a series of agreements that do a much better job outlining the services that are required for the city. The RFP had modular scopes of services, each scope of services reflected each of the five departments and their requirements. The RFP was structured to allow for up to five awards to five different contractors. So there were five departments. Each department named their own evaluation team. And they were allowed to select through this process their recommended vendor through the evaluation process. One department cannot recommend more than one vendor. So again, there were five departments, five independent evaluation teams per department, they can make their own recommendation that reflected their unique requirements. The RFP process was very competitive. There were 11 proposals that were received and there were no protests during or at the conclusion of the RFP process. So the results of the RFP, GCA was the recommended vendor for each department evaluation team. We have developed separate agreements for each department. There's five agreements. Each agreement has identical business terms and unique to each agreement are the scopes of services and the performance schedules that are unique to each department. All agreements are fixed price and this is very important. In the event that the GCA takes more time than they anticipated to complete the work, it is their nickel. They are committed to that fixed price. There are provisions in each agreement to expand and contract as necessary. For example, the agreement from PRNS, when they go from a summer service where they need more service to a winter schedule, those schedules are built right into the contract. And then last but not least the vendor in all cases must meet city labor and wage requirements. The cost savings, before I summarize the cost savings I want to point out a correction. There's a difference here between this slide and what's in your staff report. And one number changed. The projected annual cost savings for Public Works was changed from \$1,063,288 to \$585,000. The number you see there. So the actual number did not change, but the projection that they had forecast, there was one other department that was included in that forecast inadvertently. So it does not change the cost savings which are estimated to be \$18 million. Over 18 million over the three-year term of the contract.

>> Now I'll talk with you a little bit about the services at the airport that we've seen to date. At the airport custodial services began with the vendor provided services in August of 2010. And to date we have seen positive results. The administrative model for managing the work effort has been simplified. There are fewer administrative processes such as managing time cards, completing appraisals, handling disciplines and managing workers

comp issues just to name a few. Costs have been reduced overall. First year cost savings were indicated on the previous chart. As we enter into our second year of services costs of overtime and supervisory services have also been reduced so that annual savings are projected for this next year at approximately \$3.8 million. Customer satisfaction with the cleanliness of the terminals has been rated as 94% good or excellent in a survey that was completed recently, in August and September of this year. With that we'd like to open it up to Q&A.

>> Mayor Reed: I think we'll have a few. Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. Thank you for the presentation. And the memo. I certainly have no objection to GCA in terms of the quality of the work that they've been performing, and no reason to believe that they're not a perfectly good company. But I had a concern when I read attachment A. And looked at the scoring to see that in each and every one of the five evaluations, GCA came out on top among the, I guess it would be nine or eight competitors, I guess. And was particularly noteworthy was that the scores changed in each category from one to another. And yet each time GCA continued to be on top. And certainly that may be a testament to the fact that they're a great company but leads one to be concerned because certainly, if the scores are changing, then the criteria must be changing to some extent. And yet, while we might believe that the same contestant would win the same 100 yard dash against the same contestants in five different races, if you were to set the same criteria, and those would change depending on the context and you'd still end up with the same person winning time and time again it would start to make you a little concerned, wouldn't it? And so I guess I raise this as just a question. Did you have similar concerns and how might you address those kinds of concerns?

>> Councilmember, Mark Giovanetti, finance purchasing. Not really. I'm very comfortable that the evaluation teams operated independently. So there was no collaboration amongst the teams that might suggest that they would all select the same supplier. There was no motivation for them to do so. That's why we broke them up, so they could select the supplier that they felt presented the most advantageous proposal. Over the years these various agreements that we had in place under the lay bride model, GCA had three out of four of those agreements. So various times over the years, totally different times, totally different evaluation teams GCA has been a very successful supplier. With all but one. I think of the four agreements that are currently in place now,

GCA had all but one. Pacific maintenance had a minor agreement out at the water pollution control plant so I'm comfortable with it.

>> Councilmember Liccardo: And in each case evaluation teamings consisted of different people?

>> Yes.

>> Councilmember Liccardo: One didn't talk to the other?

>> They're not supposed to. They are expected to sign confidentiality agreements.

>> Mayor Reed: Everybody is slower the best person wins but they're definitely slower when they reach the end. Councilmember Rocha, you're an expert and athletics. Correct my metaphor.

>> Councilmember Rocha: Expert is a stretch. I'll stay there similar to other questions i have I'll use recycling as an example we made efforts to have different folks serve different areas and there's a number of reasons why I guess professionally we're interested in seeing multiple contracts and other folks as backup. Why in this case are we not interested in maybe providing one contract for another company to have some other participants on the janitorial services?

>> You know, I guess there's a number of ways to address that. In this particular case with each team independently evaluating and scoring GCA as the highest requiring more than one award would mean that one of these departments was going to get, we have five departments all recommending the same, possibly the fifth ranked proposer or something less than their first ranked. So we wanted them to decide who they felt would be the best value. Also, best practice in purchasing, best practice in industry does suggest that you use as few suppliers as can you possibly use for any given application. It's easier to manage them administratively and so on, so forth. In this case we didn't require that A because we wanted to give other vendors a chance but primary

because our customer departments we wanted them to decide. We didn't want them to require through -- we wanted them to decide.

>> Councilmember Rocha: Okay. So do we as a council then have the discretion to award contracts regardless of the scoring? The second, and this is just a curiosity question, I'm not suggesting it, no motion here but I'm just asking if we have that discretion? Because the differential on these two cases is just one, we also have a local business preferential as well that is a strong consideration but maybe I'm looking to the City Attorney do we have that discretion or are we bound by just the highest --

>> City Attorney Doyle: No this is discretion. This is a recommended process it is not like a competitive bid situation. Typically you would need a reason for it and we would want to make sure there was some rational basis for any variation from the recommendation. But it is -- you're not wedded to a lowest price or whatever the like a bid situation is. And Mark, if you want to add anything.

>> This RFP councilmember, Rick, was very specific. It would be awarded by team to the best, highest ranked, highest scoring, lowest ranked number 1 proposer. So I don't know that we have any flexibility --

>> City Attorney Doyle: In that case you had no flexibility?

>> It did not different awards. We tried to be inclusive by lowering the minimum qualifications to allow more companies to participate. The other thing I wanted to mention is the GCA, they are a local company. They failed to submit the correct documentation and therefore we didn't award their five points. Therefore the gap would have been larger by five point had they submitted a simple form to request a local preference.

>> Councilmember Rocha: In other words to understand the process better I would jump to where I was going initially and ask a question mainly in regard to page 4, the last piece are about worker retention labor peace and wage requirements. Beyond the ones that are the minimum standards, do are we have the discretion as a council

to ask for other benefits or certain benefit levels that we'd like to see met in the contract as it provided to those employees that do the service?

>> No, my understand is no, we did not.

>> City Attorney Doyle: Not on this process as it's being recommended to you? Again your alternative is to reject it all and direct staff to go out and start all over again and then you could add those requirements to a contract. But as it is proposed, that's the -- that would be the basic agreement.

>> Councilmember Rocha: Okay. So on this one I understand that I can't, too late but in future contracts when we do -- we might theoretically contract out, we can put minimum standards in terms of employee benefits, employee compensation, things such as that.

>> City Attorney Doyle: And you do have that with living wage or with prevailing wage. The issue on worker retention requirements in some cases but I think that typically the way that's handled is with the RFP process. You ask staff to bring you the RFP before they put it out ton street so that the council has a chance to review and sort of sign off on what the requirements or what the conditions would be.

>> Councilmember Rocha: Okay. The anecdotal story for me. Speaking to some of the employees who are working for GCA and doing the services here and the janitorial service, just a random discussion about time working and having to have a choice between working thanksgiving day or Friday and making that decision, and I didn't understand whether that was a mandate from GCA or whether that was a mandate from City Hall as far as the contract. And that's I guess what leads me to asking these questions about what can we request in this process or of these contracts because in my mind, you know these are public dollars and as the steward of public dollars, if folks are being asked to work on thanksgiving, or the day after thanksgiving, or Christmas eve or Christmas day or New Year's Eve or New Year's day, et cetera, et cetera, just to work or is there a necessity on our part to ask that? I see there's a difference in terms of airport or water pollution control plant, there's a necessity, 24 hour probations but if it's simply an office building and there isn't a necessity and we have security

I'd like to better understand what our interest is if or we're not concerned with that or if GCA has any particular policies that they can think about in terms of holiday and time off? Because I am concerned about that I'm not just going to dismiss it and before any of my colleagues pree to meeche what the savings bring, I'm not questioning that, I'm not questioning whether or not we need to I'm not questioning the savings, I'm questioning these are public dollars and would I like to have a better sense of highway they are spent if possible.

>> David Sykes, director of Public Works. I know there has been a little bit of confusion over this issue. In terms of the city side how we look at the contract, we're looking at services that we're receiving so we're paying for services received. And so in essence we're not paying for days where the City Hall as an example is not open. And it's up to the workers and the vendor, their employer and their union agreement to dictate how they get paid. We're paying for services when we're receiving services and that's really kind of the thought process behind how we structured the RFP. Certainly that could be changed or modified in the future, a different approach could be taken but that's the approach that we've taken with this set of RFPs.

>> Councilmember Rocha: You mentioned there's a representative of GCA here. Are they willing to speak to the benefits and holidays that they may have to their employees or are they not interested in talking about those policies?

>> Mayor Reed: I think if you are interested in asking them those questions, you can ask them and see what they say.

>> We did submit to them a work environment questionnaire, I think all of that was submitted as part of their proposal response.

>> Councilmember Rocha: Okay.

>> Mayor Reed: Sir, your name? I assume you are with GCA.

>> My name is Rick Sanchez, Vice President for GCA services.

>> Mayor Reed: Councilmember Rocha has a question for you.

>> Councilmember Rocha: I don't know if our side responded to whether or not the example that I used of the employees working here at City Hall whether that was a mandate for us for them to work one of those two days or whether it's a mandate from your side, I don't know whether mandate is the right word.

>> There are 19 days that are outlined in our scope of services that's no service is required so we offer five holidays. Our company offers five holidays a year. And five vacation days.

>> Councilmember Rocha: And that's negotiated through the SEIU?

>> That's correct.

>> Councilmember Rocha: Not through us?

>> That's correct.

>> Councilmember Rocha: Thank you, that's good enough. So I guess the question really is through our team and going forward. Thank you very much for your time. Unless anybody else has a question.

>> Mayor Reed: I think there was --

>> Councilmember Rocha: I'll wrap it up I'd like to see more of a consideration on our part given to those issues of the benefits and the holidays. Again these are public dollars and I really feel strongly that we should make an effort where possible to ensure that these employees have holiday and time off to spend with their families. Just to not consider it at all doesn't feel right. Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: It's just a clarifying question because I thought I heard you say five holidays and five vacation days annually?

>> That's correct.

>> Councilmember Campos: Okay. That's --

>> Mayor Reed: Councilmember Constant. Mr. Sanchez I think that's it for questions. Have a seat, just don't go too far.

>> Councilmember Constant: Well, thank you. I just wanted to state my appreciation for the employees of GCA because I tell you they have done a very good job. I know when we first started talking about the outsourcing of these services, we heard about all these potential horror stories of how bad things would be if we outsourced these services. And I tell you, the folks that are working here at City Hall have been wonderful. I know the areas that I traverse in my daily movements throughout City Hall have been very well maintained. The attitude of your employees is wonderful. I have conversations with them, I know one of them is about to be a grandfather for the, waiting are to see his first grand baby traveling in and out of the airport a couple times this year, our airport is far cleaner than any of the other airports that I've traveled to some of the destinations. Some of them are almost as new as ours. I'm very thankful that they are doing a good job and I wanted to make sure we noticed that that they are doing a very good job. I wanted to make sure you passed that message on to them.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I also want to add my appreciation to the employees that work for GCA. They do an incredible job here. I haven't paid attention a lot to the service that's paid in this building and

it's exemplary. I think it's working out. I just had a question on, and I wrote a note on it, I guess it's on page 5 of the memo, of the staff memo and it talks about the increases, it's a fixed price schedule for three years, and after the three-year period pricing adjustments can be considered if GCA can demonstrate to the satisfaction of the city that a price increase is justifiable and any increase shall not exceed 3%. What would be the justification? I want to understand that. I guess on my math that would be like \$191,000 a year potentially if it were completely at 3% if we were doing an annual contract or over five years that would be \$574,000 energies. I would understand what would justify the increase could that increase happen every year could we end up with 3%, is there a fixed time when that could happen, how often would that be adjusted?

>> I just want to clarify, want to make sure there can be no adjustments prior to three years.

>> Councilmember Herrera: Right, we're talking after three years. Then there's multiple years they can extend the contract. I just wanted to see what kind of increases we would be looking at.

>> It's a labor contract collective bargaining might be one case, how much our living wage has moved, they're required to pay the living wage, how much that has moved because they had to project that what that's going to be and build that into their initial three-year cost. Not sure, you know --

>> Councilmember Herrera: How long are their contracts for their gripes? Let's say three years is up, we extend them another year. How often would they -- would that be every year we would be visiting that there's per then?

>> Yes, potentially yes. Before we exercise the offense to renew, it's our option --

>> Councilmember Herrera: We could ask and then look at another vendor. Okay,.

>> And it is subject to that cap.

>> Councilmember Herrera: Thank you.

>> Mayor Reed: Vice Mayor.

>> Councilmember Nguyen: Thank you. I just wanted first of all to thank staff for the wonderful work. This has been a really extensive procurement process and I realize that a lot of work has been gone into this. It really surely took us a while to get here. I remember when we started talking, having dialogue about outsourcing or contracting out it was really frowned upon because -- and it's understandable because we wanted to retain our own employees to provide our own services here. But given fact that where we have gone to, where we are now, just looking at the saving, it is really overwhelming to look at the savings that this RFP has brought about. And at the same time, I think that you know I was really glad that this council was really up to opening its mind to outsourcing. And I think that this RFP really show you know that we have gone a long way. But I also wanted to concur with Councilmember Rocha. I think that regardless of any type of employment, everyone deserves a quality of life. And I think that GCA should consider perhaps changing the course of its -- how it treats its employees. I think five days a year is not enough. I think everybody should get at least ten days of vacation time. It's just -- you know having people work throughout the holidays, and limited amount, is just something that will not contribute to people's quality of life. And you so I just hope you would consider that as we move forward. But I'm really happy with staff recommendation. I think a lot of work has gone into this and I'd like to make a motion to approve.

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

>> Councilmember Campos: Thank you, mayor. I think it is ironic that we are later on in this meeting, we are going to be honoring, hopefully we will be honoring and commemorating a social justice leader like Cesar E. Chavez, and we have this in front of us and hearing five days out of the year, you know as the Vice Mayor had mentioned, as vacation. That's -- that's not healthy. That's my social comment. And I'm going to make more social comments. That is just -- that's not healthy. When you look at some of the efforts that our city puts into trying to provide healthy opportunities for youth, trying to provide opportunities for people to live respectful lives in places that are healthy and then when you look at a place where many of us spend half the time about of our lives, the

workplace and you don't have time to rejuvenate, to spend quality time with your families, that creates unhealthy communities. And I am -- this is shocking to me, that a company would not -- would not get negative points by, you know, having in my opinion a terrible record of providing just a vital -- you know I think a vital human right, to have some time off to rejuvenate. And yes, people have the right to, you know what, that's not the job I want to do, I want more than five days out of the year to go on vacation, and therefore, they won't choose this type of work. But the reality is, this is all a lot of people have. And I just in good conscience can't support this. Thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. A lot of the questions were asked by Councilmember Liccardo and Rocha, especially in looking at appendix A, our attachment A sorry. And I was curious why GCA they are from Alviso and they didn't submit that part of it. That would have added five more points on their score across the board and that would have provided a little more criteria that were set forth it looks like in terms of some of the concerns that have been raised regarding the five times off a year, that sounds like in terms of this RFP was not something that was included. It you sounds like we have certain services that we require for City Hall, we have certain requirements for the treatment plant, for the airport in terms of how many days we'd anticipate the need for services, as long as they complied with that, that would be the city services in terms of the RFP itself is that accurate?

>> That's correct.

>> Councilmember Kalra: Okay so I think what the discussion raises that it is more -- there's more to, you know, getting our budgets in line, there's more to providing services to our community by providing and making sure the airport's cleaned you know the city facilities are clean and taken care of. And I have no doubt that the GCA employees have done and will continue to do a good job. There are a number of people in a number of different industries that unfortunately are paid under the table and get paid under minimum wage are still doing a good job, they can take what they get. I appreciate there are wage requirements in the process that ensures at least that the wages will be adequate, given the standards we have set forth for the employees, and I think, and I agree with

Councilmember Rocha, that some of these other factors that may not instinctively come to mind that at the end of the day, are providing services to our residents are providing services to our community and to us. And you know, I think that sure, they'll do their job, sometimes even behind a smiling face you don't know what the reality is that individuals may be working un. So I think that those are factors that we need to consider when they come to some of the outsourcing, the bottom line is, we'll save money and that's great but at what cost? And I think we have to factor everything in, in terms of what the cost is, in terms of the deficit that we incur. Thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Admittedly the ten days sounds pretty sparse but I'm wondering if as employees stay there longer do they get increasing, do they get more days if they're there longer? I guess I'm asking the GCA gentleman. Sorry Mr. Sanchez.

>> Mayor Reed: Mr. Sanchez come back down to the microphone.

>> Councilmember Herrera: If somebody is there increasing years do they get increasing days off?

>> Not under the living wage contract with the city.

>> Councilmember Herrera: What with any member of your company?

>> Oh, yes, yes. We are signatory without the requirement of the living wage ordinance living wage ordinance supersedes the collective bargaining agreement and therefore we committed to those benefits to the city here at the City of San José. Other employees that work in the high tech sector are on a different schedule of benefits.

>> If I can clarify, Dave Sykes, director of Public Works. I don't believe that living wage has anything to do with the number of days off the employer gives the employee. Nina if you can --

>> The City's living wage policy, the collective bargaining agreement does not supersede the city's living wage policy. So one operates under a collective bargaining agreement, the collective bargaining agreement prevails. And under the living wage policy, it does not dictate days off or anything. It's a wage rate, with benefits, and a wage rate, without benefits.

>> I'm sorry, I answered you incorrectly. There's after five years there's ten days off. After ten years there's still the same ten days.

>> Councilmember Herrera: So it does go up to ten days. It's common in the private sector you start off with a week and you get more days off.

>> That's correct. That's correct.

>> Councilmember Herrera: I don't think that's too out of the ordinary for private sector companies and I guess you know, I like everybody else don't like seeing us have to lose our city employees and contract-out but I think that was a decision we have made and we have saved some money on it and folks are pretty glad they are receiving wage escalate after people have been with your company a while and the other things is that these employees are represented right, is that -- so you have -- they're represented by unions.

>> Yes, we do.

>> Councilmember Herrera: And the unions should be bargaining for them in terms of trying to improve those benefits and wages just like our employees have unions that represent them. I'm glad this was brought up, glad Councilmember Rocha brought it up. We should be mindful of what we are providing our employees as well as our contracted employees. Thank you for answering my questions.

>> Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Just to clarify. Mention was made of a living wage, actually for most, four of the contracts it's actually prevailing wage, isn't that right?

>> Yes.

>> Councilmember Liccardo: Okay.

>> Yes, that is correct, prevailing wage. We've conformed the wage to the same rate as living wage for these four out of the five contracts.

>> Councilmember Liccardo: Okay and in any case in all five contracts these are glows that are represented by SEIU that collectively bargain.

>> Yes, GCA operates under a collective bargaining contract with SEIU.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: What make living and prevailing at the end we are contracting for a service to save money so I can keep a library open or afford a police officer. At the end of the day and I understand from my colleagues this goes down to your utter moral viewpoint on values and that's fine. We can disagree on that don't have to debate here today but for me it's somewhere we have to go because of the end it's my goal to provide services to residents and my residents don't touch or not touched by the cleanliness of of City Hall or the cleanliness of the airport. They are touched by the community center that can help somebody stay out of a gang or by a police officer. Those are the things that matter.

>> Mayor Reed: One request from a member of the public to testify I'll take that public testimony at this time, Ross Signorino.

>> Ross Signorino: Thank you, Mr. Mayor, members of the council. Sorry it took so long to get here. I didn't expect to be called so soon. I thought somebody else would be saying something. I'm sitting up in the back row and I'm in a state of shock to hear that people working somehow or another associated with their work in San José that only get five days a year or even ten days a year like it was a privilege? Oh sure just be grateful you get a job. Like hell you know. We ought to be better than that for people. That's the big thing. Coming around with five days! I mean I would never thought of this and I'm still in a state of shock. I'm almost breathless trying to say these words. But nonetheless I think it's good that you question these things. That's why you're sitting on the city council. And it's important that these things be brought out in the light, transparency, wide open. And no matter what, they clean the place, they take care of it for us, they clean it and you like it clean and that's the way it should be. And these people should be treated with respect. And given -- and given a two-week vacation at least, plus the five days! Thank you.

>> Mayor Reed: That concludes the public testimony. We have a motion to approve, Councilmember Rocha.

>> Councilmember Rocha: Thank you. Great job, Ross, great job, thank you. My interest is more of or my last question is about policy alternatives and in some memos we see policy alternative offered. I didn't see that in this one. Or maybe I missed it. And if it's just not standard in these type of memos?

>> Mayor Reed: Well we're not making a policy decision I don't think. We're just implementing here.

>> Councilmember Rocha: I was looking at other memos I thought there was in similar --

>> Mayor Reed: In this one the alternative is to reject and make a re-do I guess? City Attorney?

>> Councilmember Rocha: And this is a three year contract? So I potentially got three more years here so if this does come back to me, where we can legally look for those compensation benefits I would highly encourage this. I would understand it's too late.

>> Mayor Reed: City Manager and then City Attorney.

>> City Manager Figone: And I think it would be helpful to the council just thinking here back on my general services and purchasing days we went through a very elaborate discussion at council level which led to third tier review which I think Mark referred to the work environment evaluation that's now just a standard part of the process. And given the turnover on the council over time, I think it would be helpful if, over the next 60 days or so, we issue an info memo just to remind you of the elements that we do have in place to evaluate the conditions of workers and really to factor that into our process. And I see Mark nodding there. I believe a lot of that's still in place, correct Mark? So why don't we do that at least as a starting point so that council does know what's embedded in the process and if we move forward if you would like to reconsider that we could.

>> Mayor Reed: City Attorney.

>> City Attorney Doyle: This isn't the first time this issue has coming up with prevailing wage living wage union contract what controls. We have tried to bring forward a proposal to get a comprehensive discussion and policy direction on the prevailing wage policy and living wage policy and I think if the council would want that that is something we could have a further discussion. A lot of new members on the council, they're not all wedded to the prior process and I think it's good to have a full discussion on that.

>> Mayor Reed: All right we have a motion on the floor. Motion and second is by Vice Mayor Nguyen to approve, all in favor, opposed, I count two opposed, that item is approved. 4.1, status of housing units revved and allocated for feys phase 1 of the North San José area development policy. We'll take a minute to get a staff shift, we'll get our housing staff in place and I think we'll have a brief presentation starting with Joe Horwedel.

>> Joe Horwedel: Yes, Mr. Mayor, very brief comments and then we have several of the North San José housing developers in the audience will want to speak today. Staff is bringing forward a, one, and update of the status of activity in North San José. There is a chart in our staff report that I'll walk through in a minute. And then we also wanted to go through and bring forward a policy proposal for the city council's consideration regarding the allocation of affordable and market rate units based on some activity that we've seen occur in North San José and potential opportunities. As it relates to the development in North San José, we have a number of projects that are under construction, that's really the result of the proposal last year for creating a satisfaction agreement process that I think helped move developers off of the sidelines and invest in North San José and getting housing moving forward. At this point we have right around 1900 building units that have first phase some of them are all the way into the stage of having roofs now put on them and completing a major presence, others that as staff are still working through the foundations of the buildings. That said, we do have a tremendous amount of activity with projects moving forward in multiple phases through the building permit process and as we noted in the chart, we have accounted for all of the market rate units. And in fact at this point we are a little over 500 units over the original allocation of 6400 units. Earlier on, the council had looked that some projects might fall by the way side, as time to perform came close. Thus far, projects have been moving through building permit process, obtaining their permits and working through the construction phases. So we haven't had anybody thus far drop off for their permits to expire in quite a while. So it is one that I think we've been very active and have achieved the desire goal of the council which was to get jobs in the construction industry happening, and getting the housing to happen, and that substantial investment. So I think we can claim success in that regard. As a result of that, one of the things that both Leslye and I have been looking at is was there a way to get the affordable housing moving forward in North San José. As a part of the satisfaction agreements we really were not moving forward with affordable housing in North San José. We have done all of 142 units actually under construction in North San José. So much slower than the market rate development. We have had expressed interest from at least two developers thus far that are market rate that have asked about could they go into construction but for the fact that there is no traffic of -- or market rate capacity available today in North San José. And so Leslye and I have been talking with the two parties. And that is our second recommendation, is we do think it does -- the market is strong enough that we should be looking at potentially borrowing some of the market -- being able to create more market rate units and using that as a tool to generate revenues for our plow market rate 20% we've had in the past and

with the palmer litigation we're not seeing that happen with regular projects moving through the process. So it's really been difficult to get affordable projects off the ground. We do think there's an opportunity for the city for allowing up to 600 of the market rate units to be created out of the affordable units to essentially borrow them out of phase 2 and use them in -- at this time to allow more market rate units to happen. We think it does satisfy our policy objectives of continuing to develop projects in North San José. That we think it should be as noted in our staff recommendation for those projects that are shovel-ready and so that's why we've been talking about a couple of parties that we have thus far that it does go and create significant return into the affordable housing fund. So that we can look at projects on a citywide basis where it might be -- we'd get a good return in order to build affordable housing. So that is our second recommendation to the council is to create the ability for up to 600 under. And assuming the council's receptive of that we would come back in early 2012 with the specifics recommendation of a project that would work. So we do not have formal proposals from all of the developers at this point, one we want to theaves idea with the council and then work it through the development community and then the third option, or the third recommendation, we think it is really important to the affordable housing community to not show any waivering of our commitment to include affordability housing as part of the development in North San José. We think it's important that at least in phase 2 we account for these units. We don't want to push them off into phases 3 or 4 of North San José so it is one that we want to generate revenues to move affordable projects forward. But we also want to make sure we're building the units in North San José that ultimately we need to do. Our recommendations are threefold, one is to accept the status report of where we are with progress, and I think the success we've accomplished there. Second is that we are asking as staff for the council to accept our recommendation to allow up to 600 of the affordable units to be used as market rate units, and we'll come back to the council in January or February with a specific around that. And then third would be reaffirm our commitment to delivering affordable housing in North San José and keeping that in the first two phases. That concludes staff report.

>> Mayor Reed: All right, thank you. I think I'll take the public testimony now before we get into council discussion. Dan Miller. Then Mike Black. Eric Schoennauer and Josh Howard. Come on down close to the front.

>> Mayor and members of the council, Dan Miller with the Irvine company. First I want to support the staff recommendation for option A. That will allow us to continue our momentum that we've created out there in the North San José area with the crescent village project. I also want to mention how important the satisfaction agreement was to us. We have five phases out in crescent village, it is 1750 units. And under the satisfaction agreement we were to begin pulling permits and starting construction in September of this year. In fact we've actually pulled and started construction on four of the phases already. We plan to pull permits and start construction on phase 5 in January of next year. Which is 18 months ahead of schedule. But more importantly, under the satisfaction agreement, we were to complete construction of all five phases starting in March of 2014 and culminating in March of 20 subpoena. However we will have all five phases completed by March of 2014 a full three years in advance of what was agreed upon in the satisfaction agreement. Also importantly, right now, we have 835 jobs out on this site. These are not jobs that were existing before the satisfaction agreement was agreed to. Finally, we've created probably, in termination of fees, infrastructure fees, water, sewer, traffic, permit fees, improvements to the park and the park land, totaling almost \$46 million. So it's the satisfaction agreement was clearly a great incentive for us to get out there, create jobs, create fees for the city. And with this staff report, that laid out adding more units, allow us to continue the momentum that we have out there. We have another site that we'll begin right away as soon as we get our application through the process. So I appreciate the City's commitment to what we've been doing out there. It's staff and the council have been very supportive and we want to continue the work we've been doing. Thank you very much.

>> Mayor Reed: Mike Black. Then Eric Schoennauer and.

>> North first I I'm with Barry Swenson builder. We are already part of the initial allocation, initial allocation units. Is that better? A little taller. I was here I just want to volunteer where we're at as a company. As you know it's 440 units which comprises to two residential towers. The first phase which is part of the initial allocation has an additional 10,000 square feet of retail. We're actively already in the construction drawing phase. And we're pursuing our financial because our financing that we had fell out we are positive it's going to happen. Barry is very excited about the project, and I wanted to give you an update on that.

>> Mayor Reed: Eric Schoennauer wry's Howard.

>> Good afternoon, my name is Eric Schoennauer and the Schoennauer group represents equity financial. Continuously supporting the North San José policy. Our project is well under construction so we're excited about it and it's creating the jobs that you all were hoping for in the community. I guess all that we would suggest is that each time you revisit this policy to make sure you don't in any way change the policy for already approved projects and that you honor all contracts that have been entered into for the projects. Thank you very much.

>> Mayor Reed: Josh Howard, Bruce Dorfman, Ross Signorino.

>> Good afternoon, mayor, members of the council. Josh Howard, as you may have seen in the headlines recently, rents in Silicon Valley are on the rise. It's a result of banks being stricter on who they lend to, individuals are skittish to purchase homes and there's silicon Valley all of that is driving demand for residential rental housing. And soon enough our demand for rental housing will outpace supply. Woe all know what happens when supply and demand are out of balance especially in the rental market increase it's important that the city council continue to look at ways to be flexible not only to encourage economic development through the construction of housing but also making sure that the families who are looking for places to live and new employees who come to Silicon Valley have places to work that are affordable. I want to commend city staff and city council for looking at ways to be creative innovative and flexible. It is encouraging to see that the government is looking at policies that can actually facilitate economic growth and this is a clear example of that type of policy. Hopefully, you'll approve the staff recommendation today, and this will allow us to continue to build nie housing, encourage you economic growth but in the long term continue our commitment to affordable housing. Thank you.

>> Mayor Reed: Bruce Dorfman and Ross Signorino.

>> Bruce Dorfman with Thompson Dorfman builders PD development process in river view it is a unique development in North San José. Only project that worked off an urban grid with a variety of architecture and

building types. We had a mixed use retail five acre park enhancing the access to the Guadalupe river. This project is moving forward very rapidly now due to the satisfaction agreement and we would like to thank you for giving us that opportunity and that inducement to move forward. You although we certainly would have liked to have moved forward quicker with regard to construction, unfortunately we do have to deal with some existing tenants that are on our site but I learned just today that we will be able to move forward in an expedited manner with the demolition of one of our buildings as one of our tenants has vacated. I personally would like to thank the staff for the professional effective and permitting process that allowed us to expedite and we looked forward to future ground breakings as well as ribbon cuttings. Thank you.

>> Mayor Reed: Ross Signorino is our last speaker.

>> Ross Signorino: Thank you, Mr. Mayor, members of the council, I'm not angry about this one, I have an olive branch. Now, the staff recommendation here on affordable housing, 20% is commendable. This is good what you're doing over here, the staff should be praised, this 20%. It's not just because we're going through hard times right now with the economy even though the Christmas shopping looks good and I hope things start to turn up. But affordable housing is always of value. In the best of times and in the worst of times. People need affordable housing. And I recommend and I think this is good, that what you're doing in this regard, and I praise you for it, and again, keep up the good work when it comes to affordable housing and all these things. You're to be commended. Thank you.

>> Mayor Reed: That concludes the public testimony. Commie.

>> Councilmember Chu: Thank you, mayor. First of all I would like to thank many of the river oaks residents inform writing an e-mail to me regarding to this issue and thanks for the Planning Department, housing and City Attorney's office for their effort in this matter. Before us today, the proposal that will allow construction to move forward now, bringing not only construction jobs, but hopefully, business and economic development later. And people to this great city. While option 1 lowers the amount of affordable housing unit being built in phase 1 it does not eliminate affordable housing period. Ensuring that North San José development policy includes a balance of

affordability and housing type for its residents. So I would like to ask that my colleagues approve the recommendation stated in the memo co-authored by the mayor, myself and Councilmember Liccardo, which stated approve of this staff recommendation as outlined in November 7th, 2011 memo. And the staff preferred policy alternative option 1 which will allow some portion of the units reserved for affordability housing to be used for market rate project, for developer willing to meet and exceed the inclusionary requirement. With that I would like to make a motion.

>> Mayor Reed: We have a motion on the floor. I'm going to support the motion but before we vote on it I want to thank our staff for the work they've done over the last year because we started a little over a year ago with the jobs and revenues generation team in which they came up with the idea of doing these satisfaction agreements which made it possible for companies to move ahead with confidence. And we've had some of them speak today who have invested hundreds of millions of dollars already in North San José and have thousands of people wearing hard hats in North San José and that's really good. But if it hadn't been for the staff work up front it wouldn't have been possible to get moving. And then we've had a lot of good staff work along the way because we had some deadlines people had to meet in order to get into the line and get into the queue and get into the process, et cetera. And I know that's take a lot of work and our building department work with the developers to meet those guidelines. And they've done a good job of that as you've heard here today. But we're looking forward to hundreds of millions of dollars of additional investment as we accelerate these projects. All that's good for our local economy it's good for people to have jobs and not to mention the fact it's good for revenues into the Redevelopment Agency with tax increment dollars, all of which will eventually be good for the General Fund as well. So I'm going to support the motion. This is a way to move some additional projects forward. I think it's a creative idea, the staff has, and I think I just want to verify that the changes that are necessary to make and the policy will come back January and February Joe, I think that's what you said in order to implement this.

>> Joe Horwedel: That's correct.

>> Mayor Reed: Okay. Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I just wanted to say, I think this is a really wonderful way to make lemonade with all of those lemons that have been out there. And there's certainly a need, a big time need. It keeps the building trades going. It provides jobs. It keeps hope alive for the workers and for the renters and it brings more dollars to our general economy. I had one question. Would this action which is cite creative and solves a huge problem, would this help towards getting future grants? I mean it's certainly an example of a situation where the public has come together with government and made something happen.

>> Joe Horwedel: Councilmember Pyle I'm not familiar with a grant offhand that by doing this would set us up to be more successful. We are looking at a lot of different grants in our high density mixed use parts of the city. And I think where we have done these types of actions we have or we've got that kind of activity going on we have been more successful in obtaining them but we haven't looked in North San José for grants. Good question.

>> Councilmember Pyle: Thanks. I just met with congresswoman Anna Eshew yesterday who said her office is stellar in finding grants. That may be something to keep under your hats. Thank you for all the good work you did.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank mayor. Joe, I heard some speakers speak, can you tell me which sprojts the potential to go forward?

>> Joe Horwedel: To go forward as part of this action?

>> Councilmember Oliverio: Yeah.

>> Joe Horwedel: They are --

>> Councilmember Oliverio: They in this memo? I didn't see it.

>> Joe Horwedel: They are in the matrix.

>> Councilmember Oliverio: In the matrix okay.

>> Joe Horwedel: It says North San José projects awaiting reservation and six projection, five projects.

>> Councilmember Oliverio: These are the highest potential ? The two we are talking about at this point is Christ 6 the Irvine company is looking at another 450 units and the one underneath it is the Hyundai property that legacy had previously been entitled, they are looking to reentitle that because they lost their allocation. That's 575 units .

>> Councilmember Oliverio: Okay this will come back in January-February. City Attorney there's a pending court case on Redevelopment Agencies that will be decided in January. If that court case determines that Redevelopment Agencies no longer exist, then I'm making the assumption that there is no requirement for 20% affordable housing.

>> City Attorney Doyle: Well, that's been my view. And I'm -- since you asked me that first question a couple of days ago, I'm advised that there's some uncertainty in the law. It just seems to me that given the fact that you have an inclusionary element as part of redevelopment law and as a practical matter redevelopment agencies go away, how are you going to enforce that as a practical matter I think there's some concern. Which is in fact right if the Supreme Court upholds the law that being settled we do have a policy in place and we also have an inclusionary ordinance and so we would have to assess how those might come into play. But my understanding here is it's based on existing policy we're going to do this by agreement and that would sort of -- that's sort of a hint, that's outside the concern about the law. But long term I think without clarifying legislation it's likely it goes away.

>> Councilmember Oliverio: I think we've seen that the inclusionary ordinance has been a hindrance to building, that's why we keep suspending it and allowing X amount of inclusionary units within the development. Does the county assessor view those units of less value compared to a market rate unit?

>> City Attorney Doyle: My understanding is how the assessor assesses property is based on what the assessed value is which typically is based on the sales price and you pay taxes based on your 1% of whatever your sales price is, subject to reassessment. So likely yes.

>> Councilmember Oliverio: There would be less property tax generated from an affordable unit?

>> City Attorney Doyle: I think that would be the case.

>> Councilmember Oliverio: And in the inclusionary unit, they do not pay the park fee, they do not pay the road park fees?

>> City Attorney Doyle: Repeat that? There is a 50% credit.

>> Councilmember Oliverio: Less than the market rate? de less than the market rate, right.

>> Councilmember Oliverio: So an inclusionary city council aware historically they don't pay any park fees now we've changed it to where they are paying 50% so then an inclusionary unit pays only half and in the same way they would be exempted 50 road paving fees?

>> Leslye Corsiglia: I think one thing to clarify is that right now inclusionary is in place for for-sale projects and those right now are not part of the fee deferrals that you're speaking of. That would be for rental housing so that's one thing to talk about. I think there's a lot of uncertainty here as Rick has said and maybe we can come back and answer your questions but I'm not sure today that we have answers for all these questions.

>> Councilmember Oliverio: I believe we are doing rental here right? These are mostly rental projects we're doing?

>> Leslye Corsiglia: Think are but right now they don't have a satisfaction agreement,.

>> Councilmember Oliverio: Which is why they're building.

>> Leslye Corsiglia: Correct but we have two seeing that that's changing the environment last year is very different than the environment this year. So we are seeing a change, and again, in answer to the original question, there a North San José policy that requires 20% and development agreements can do that and policies can do that and in addition, we're looking at next year, in January of our citywide program going into effect as well. So those do continue to exist.

>> City Attorney Doyle: Councilmember, the law operating under changes to current policy and agreements based on current policy.

>> Councilmember Oliverio: I think policy because we had this existing state law that said if it's in redevelopment area you need to build 20% affordable, if that goes away --

>> City Attorney Doyle: Justification of state law we had a nexus study that justifies a citywide inclusionary ordinance and we'd we'd have to see how that plays into effect.

>> Councilmember Oliverio: Looking at, option 3 would be better for the city because it would induce more development that's high density that brings in more taxes to the city, especially if it's market rate, that being the priority and then you might have more of these projects move forward. So I think you would induce the development community to build to bring you your housing and at the same time would bring nor rrn to the city and I think I keep looking at how do we treat the, provide city services and I think option 3 would be a better option from the staff's recommendation.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Ing thank you, mayor. I think there's some really good news in this, I want to congratulate the staff, Leslye and Joe for the work that's been done on this. It's creating jobs, housing for employees which we keep hearing over and over again, we still need more housing for employees to accommodate our employees in San José and in the South Bay. Our leadership group continues to say housing is a big issue every time and it still is affordable howlings. So I think that's great. It create a new source of fund being for affordable, it's a very creative solution and I was intrigued by on the pros on your page flower, you talked about one proposal inform 600 units would have the developer contributing approximately \$8,600 so I guess that one's not, that's a maybe hum?

>> We're asking for a little bit of negotiating room so --

>> The two projects I mentioned one for 575 and one I didn't want case somebody else walks in and wants to do 580, buffer for 600.

>> It looks like we are seeing a change in the economy. We are seeing more developers wanting to put some money down, take a risk and it's rental housing, it's a good sign that we're seeing people willing to do that. And it sounds like if I understand what you're saying here, if we get this, 8.8 million that would go into housing fund to fund other affordable housing projects is that right?

>> Joe Horwedel: That's correct.

>> Councilmember Herrera: And how is that impacted vis-a-vis RDA, that's independent of the 20% right?

>> Leslye Corsiglia: Yes, that's independent. That's basically an in lieu fee.

>> Councilmember Herrera: Okay, so I think that's really interesting in that as you're suggesting here that this may reset the economic base, so that you know, we'd be able to move forward without necessarily having to give up on the affordable housing component of it. I think that's what you guys are suggesting here so --

>> Joe Horwedel: Yes.

>> Councilmember Herrera: Okay, I heartily support this. Thank you.

>> Mayor Reed: We have a motion on the floor. Made by Councilmember Chu. On that motion, all in favor? Opposed? I have one opposed, Oliverio. The motion carries. The matters are approved and we will move on to item 4.2 which is a lease agreement for 16 71 the Alameda.

>> Mayor, members of council, Nancy Kline office of economic development and real estate. We're here before you today to bring forward a lease that both renegotiates and consolidates previous leases that achieves four police units, reducing the annual rent cost of from \$350,000 down to \$125,000, saving \$225,000 per year or 65% of the cost over a five year time frame that's over \$one million of savings from current cost. Interestingly land owner is also going to put in \$180,000 in tenant improvements though there's no up front cost for tenant improvements for the city. With that I'll turn the points over to captain Garcia to discuss the PD units that are going into the facility.

>> Thank you. Mayor and council first of all I really want to thank Nancy and her staff especially Kathy Bradley for getting us this far. It's pen a occurring. So as it stands to for 1671 the Alameda pros on it are it's very, very accessible, it's at a central location and allows us to better serve quite frankly the victims of domestic violence by offering an off site facility which is less intimidating to our family violence victims. It offers afternoon an anome im to beginning with. It allows better access for our service providers and advocate groups, obviously as you know, oftentimes our victims are extremely apprehensive about reporting abuse and getting services. Not only let threatening atmosphere for our victims is essential. It is a more modern building. The fact that it somewhat stands alone and is segregated from the other buildings in the area lends to the anonymity of the victims oop particularly

case security as unfortunately we have extreme sensitive cases that as law enforcement sensitive and need to be kept from public view. The segregation of the family violence unit actually would lend it to more of a safer environment for both our officers staff service providers victims and their families. Family violence unit would be sharing that facility with the reserves the crossing guards and the volt unit. The reserves right now are comprised of 95 reserve officers, the crossing guards now approximately 169 crossing guards and our volt program consists of 30. As I mentioned reserves of 95 they need folder space as they get their department mail, court notices, et cetera, required to check in for these items frequently. They need briefing room for space operations and training. They need also need secure file space for their personnel records. The crossing guards I mentioned 169 of them, they come in for training they meet with their supervisors and their supervisors also conduct their employment interviews. Our volt program, they come in for frequent trainings and browched interviews are done there. Obviously these numbers don't come in at one specific time. However, with the parking and the amp I many space that's there enable them it's very accessible to all of them. This location makes our work more efficient by providing a building that is not only accessible to all of its tenants our police units but that provides adequate space whether it be work space or ample parking for our advocate groups service providers victims their children and to our officers, that helps us effectively do our jobs. Thank you.

>> That concludes staff's report.

>> Mayor Reed: City Manager.

>> City Manager Figone: Mayor, I just want to acknowledge Eve Castlenos cp her last week with the city .

>> Mayor Reed: My question has to do with whether or not you have considered alternatives in our community center reuse portfolio. We've got 41 community centers and whether or not there are some of those that may be for future consideration we could move one or more of these units into, I understand the need to have the family violence center outside of City Hall and outside the police department. But it seems to me the reserve unit, the volt, school safety and education really could be in City Hall. They could be almost anywhere. And is it possible to move this -- these operations in a future move, into one of our community facilities that we're having to vacate?

>> Mayor, from a realtime perspective we have 120 day termination, clause in our leases. So yes, in the future it would be possible to relocate those. We had looked at over 10 different community centers prior to extending the lease at the Alameda. So we've gone through a thorough analysis of existing facilities but yes, as different facilities become available we do have the flexibility to shift those units if needed.

>> Mayor Reed: And do these units all need to be in the same place? I understand there may be some economies of scale but there are really four different kinds of operations. Do they need to be in one place or if you had a community center for volt that could go in there and one that could work for a police reserve unit that could go in another one?

>> That's always possible in the future Mr. Mayor. Right now they're all supervised under one chain of command so it makes us obviously for our span of control very easy to have them all together.

>> Mayor Reed: Okay I want to make sure our real estate people, it's great we're bringing the cost down. Got no complaints on that, good negotiations good work but as circumstances change and we have to vacate additional buildings I think there are opportunities that could save us additional funding when we have those opportunities we're prepared to take them it looks like. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. I wanted to echo those comments. I really do appreciate the cost savings, that have been created here. I just wanted to also throw out just another option, I'm sure you're considering it which is we're all very quite sadly looking at closure of libraries as well. And it seems to me begin public access to libraries and some of the public focus of many of these services it could be a great use of a building we certainly would prefer to use as a library but as a second alternative would be, might be a good resource here.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. First of all, as the co-chair of the family domestic violence advisory board I'm very glad we've moving towards this move because we've been talking about this for quite a while and I know it's desperately needed for the family violence center to operate effectively. I'm very thankful of this and hope everybody can support this. I do think we should be looking at those reuse facilities as we go forward. Unfortunately we're going to have far too many of those in the next few years and may be available far longer than the retail locations Weaver talking about. we've had an opportunity to work with Eve for a number of years now and I don't think there's anybody at the city that has been as dedicated and committed to the domestic violence issues as she has. And you know, we tried really hard to extend this program, as much as we could. And we're sorry to see you go. But we promise you we're going to keep this program together, somehow. I know that's one of your top priorities. We've had a lot of discussions about it. So I'm very very sorry to see you go. Thanks for everything you've done.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: As a co-chair of the domestic violence, the other side of the coin, I would like to share those kudos for you because you have just done a fantastic job Eve and I I don't think -- the ship hasn't gone down yet so there are some things we can work on but I want to thank you for all the great work you've done and hopefully you'll be back in our future as well. I would like the say too, I did the math on this and it comes out to \$16.67 a square foot. On the Alameda. I think that is awesome. And I'm sure it stacks up well in reference to other properties that could be rented. Nancy do you have a comment on that?

>> Again Kathy Bradley did a great job. We've gone from \$1.80 at the Alameda to \$1 much 30 cutting down the size flt space from twee,600 feet to roughly 8,000 feet. A lot of good psychologist and good negotiation.

>> Mayor Reed: I can't remember if we have a motion on this. We do have a motion. On the motion to approve, all in favor? Opposed? None opposed, the motion is approved. Completing our work on that item. We will now move to item 4.3, permanent easement agreement with San José water company. I have no cards from the public to speak on that item. We have a motion poo approve. Councilmember Herrera.

>> Councilmember Herrera: I'm sure my colleague -- I think my colleague, Councilmember Campos wants to talk to this but I just want to say, this is moving forward, supportive of this and this helps us reach a closer conclusion to seeing the relocation of fire station number 21 on White Road.

>> Mayor Reed: I have a motion on the floor to approve. All in favor? Opposed? None opposed, that matter is approve. Item 4.4, cooperation agreement with Santa Clara Valley Water District for the establishment of procedures completing real property transactions. No cards from the public on this. Is there a motion? We have a motion to approve. All in favor? Opposed? None opposed, that's approved. Item 4.5, administrative hearing on appeal of certification of final environmental impact report and appeal of approval of conditional use permit for a proposed project for Moe's stop gas and service station. I need to know, we have an applicant here. I have a card from Christina Chu. We have an applicant's representative. So this is an appeal of an administrative hearing. I don't think we'll have a staff presentation to start with. We'll hear from the applicant first. And is -- wait a minute. Let me get this straight. So we have an appeal.

>> Joe Horwedel: We have an appellant and then we have the applicant.

>> Mayor Reed: I'm going to hear from the appellant first. The appellant is represented by Gary Wesley. Do we have an appellant here? Okay, we don't have the appellant here. We have Christina Chu and Gary Wesley both speaking on behalf of Moe's I think. Let's take that testimony. The appellant is not here. We'll have that testimony, Mr. Wesley and Christina Chu.

>> Thank you, mayor. I'm here on behalf of the applicant. As you know CEQA is designed to give the environment a voice in the government's consideration of development projects. But the act is sometimes used by business rivals to burden and delay and undermine competitors and that's what's happening here. This time around, you have a full fledged environmental impact report. And I will infer that the council has read it unless somebody says otherwise. The attorney on the other side has not identified anything that should be studied more fully in connection with this expansion. I can't promise that the attorney will not keep making noise and filing legal

papers. In fact, the court has retained jurisdiction in the existing CEQA case, to review this matter. As to contamination, under the two gas station sites, operated by the rivals, there is no evidence that digging to expand a station, even digging deep enough to get down to the contamination would ever spread any contamination. Their own expert so testified in deposition which I provided to the council. As to traffic impacts, you have more than one assessment. But under the worst case for traffic congestion the project remains desirable. Any expansion of a business that does not increase the nipple of customers is an expansion that never should have been undertaken. It would be a waste of money. Here we're talking about adding a few pumps over an expanded area with the real likelihood that traffic flow will be brofd.

>> Mayor Reed: I'm sorry your time is up. We'll hear from Christina Chu.

>> Good afternoon mayor and councilmembers. I'm here on behalf of Moe's stop. We were not provided notice of today's hearing. We would ask that this matter be moved to next week's meeting so that we would have time to prepare. That's it.

>> Mayor Reed: That's it, okay, council will consider that as we consider this item. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. I'd like to move to approve the staff recommendation and to adopt a resolution upholding the Planning Commission certification of the FEIR and certify that the council has read and considered the final EIR, the final EIR has been pled in compliance with CEQA, analysis of the City of San José and the copies of the EIR will be transmitted to any other decision making body of the City of San José for the project. That would be my motion.

>> Councilmember Herrera: Second.

>> Councilmember Liccardo: And I certainly hope that this is the final chapter in this battle of the hatfields and the McCoys. This has been undoubtedly time consuming and consuming of a lot of resources of two small

businesses that I hope are both successful in the eastern part of my district. And I hate to see two business people going at it like this when they could be better using their energies serving the residents of our city.

>> Mayor Reed: On the motion, all in favor? Opposed? None opposed. This motion and second is approved. We hope completing all of our efforts on this project certainly for today, anyway. We'll now move to item 4.6, the historic landmark nomination of Mills act historical property contract for the Bowman Sweigert house. Motion is to approve the historic landmarks commission recommendation. Councilmember Liccardo.

>> Councilmember Liccardo: I just wanted to thank Wayne Shoemaker for ipse district in the city. This is an important asset in the community and we appreciate their preservation of this lovely home.

>> Mayor Reed: On the motion, all in favor? Opposed? None opposed, designation is approved. Taking us to item 4.7. Historic landmark nomination for McDonnell hall. Before we get into McDonnell hall. I want to go back to the gas station, Hatfields and McCoys. Councilmember Liccardo to clarify your motion, I think there were multiple items all moving, looking at the agenda, I believe your motion contemplated all of those items.

>> Councilmember Liccardo: That's correct. I initial -- I started by asking that we approve the staff recommendation and then specified in the elements of A, I was under the unfntioning that I should be specific.

>> City Attorney Doyle: B as well.

>> Councilmember Liccardo: Yes. Certainly that was incorporated as part of the motion.

>> Mayor Reed: That's the way I took it. Verify that. Now on the McDonnell hall, that is item 4.7 I have some requests to speak on this. Is there additional satisfy report beyond what we have? I'm going to take the testimony at this time. I'd e-i'd like to start with refned Sal Alvarez and and Linda batten.

>> Thank you mayor, members of the city council, I'm reverend deacon Sal Al easy and I'm the bishop Patrick McGraw's liaison on historic concerns. We did support the historic landmarks association in support of this designation. There's been a broad coalition that has been brought together that includes the Chavez vision's family corporation and Rita Chavez recently testified before Dr. Rask, as a matter of fact, two days ago, and Dr. Rask also heard testimony from, or got to interview Father McDonnell in Oakland, finally found him. This is the first interview in over 20 years that he's allowed because Dr. Rask has been such a good -- as we're all aware, this city designation is before us, thanks to the initiative of the mayor. And of course, Councilmember Campos. And Nora Campos, senator Elaine Alquist who passed AJ 16. And in addition to that you have the Dolores Huerta foundation in support, and the American farm workers and the Cesar Chavez foundation. Linda Batton was not able to stay, there is a representative of the foundation who did the application. It is really an honor to stand before this council has about to make a designation 18 years after Cesar died. This is where the farm worker movement started, in East San José. In Evergreen is where Richard Chavez and Cesar picked fruits and prunes, and that was there in Evergreen that Cesar told his brother Richard we can't live on the salaries that we're getting, the way we're paid somebody has to start a union. And so it's not only they make that area that is significant, it's all of East side. Mr. Chu who is not here, all of Berryessa was agricultural areas. So this is significant because it's going to move, it's going to go to secretary Salazar, the secretary of the interior who has authorized the national park service to do a study and in that study McDonnell hall has been designated as a sixth spot in 180 designations so we're hoping that the national park service will recommend to Congress that McDonnell hall be designated a national monument. So have a national monument. Procedure in a farm worker struggle designating, this is where it all started.

>> Mayor Reed: Sal, thank you. Reappreciate your work.

>> It is truly a historic effort. Thank you mayor and thank you members of the city council.

>> Mayor Reed: Al Munos, Linda Betten.

>> Mayor, city council members, I'm truly honored to be here. I won't repeat what Sal said, my good friend Sal, he's done a lot of good work. I'd like to tell you from the parishioner's point of view, I've been a parishioner of lady of Guadalupe for 52 years. I was born here in San José almost 80 years ago. So I am a should I say recipient of child labor, just a few blocks from here in the late 1930s and the early '40s I worked at child labor. I later worked on farms and so I know what the troubles are, I can appreciate what was being done later on in years because I lived it. I left in 1950 swearing I would never go back to the farm and I didn't. But when I got out of the service I joined another union and by that time Cesar was already stirring the pot if you will. And I -- we attended the same parish but I can't tell you that I was friends with him because we knew each other but we were not grade friends. My friendship came later, because when I was in my infancy in the union I was very inspired by Cesar so that's when I met him as organizers so I am only but one story of Guadalupe. In the beginning there was a couple hundred families. Now there's about 2,000 families. And I am probably typical of many people in that era. I've lived the history, I know what it is. And I'm here to ask to you join this, to endorse this recommendation and thank you.

>> Mayor Reed: Thank you. Linda Betton. I think the meeting outlasted Linda's ability to stay for the duration. So that concludes the public testimony. Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. What a great day, to be able to put forth a historical act that, in reality, should have happened a long time ago, but it's happening and that's the important thing. I would like to make a motion for approval of the staff's recommendation to adopt a resolution designating McDonnell hall as a landmark of special architecture cultural or value of historic nature in addition once approved, a letter should be sent or will be sent to the national parks service to provide certification of council's action.

>> Second.

>> Mayor Reed: All right, we have a motion to approve.

>> Councilmember Campos: And I also want to further make some comments. McDonnell hall is and always will be an iconic site not just in East San José but in San José. On the grounds of our lady of Guadalupe, it is better known as the institution that inspired a social movement that is alive and well across this nation. National leaders from the past and present such as the late senator Robert Kennedy visited our lady of Guadalupe during the final months of his presidential campaign in recognition of the leadership who influenced social change from this site. And that was Cesar E. Chavez. Most importantly, the site will also be remembered as the site wheres car E. Chavez began the farm workers movement. For Cesar's congregated folks to develop the nonviolent strategies to improve the in addition and this is probably more significant to my mom, I was talking to my mom last night, and I was telling her what we were going to be doing today. And she told me that on October 15th, 1966, I was baptized at our lady of Guadalupe. And just by doing the math that was McDonnell hall that was the same that is not historically significant except to my mom.

>> Mayor Reed: Well not yet anyway.

>> Councilmember Campos: Exactly.

>> Mayor Reed: But you're young.

>> Councilmember Campos: Thank you. For these reasons would I like to ask my colleagues to support the memo in recognition, the historical significance of McDonnell hall and to pay tribute to the people who inspired social change.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I just want to congratulate and thanks Oliver for his leadership and congratulate my colleague, Councilmember Campos. Certainly looking forward to celebrating the announcement by secretary Salazar which will hope certainly faster than which the federal government regularly moves it is a living monument

it continues to be a vibrant place a community gathering in religious worship and it's worth celebrating and I look forward to the upcoming celebration.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: I also want to congratulate Sal Alvarez and the council and the mayor for supporting this as well. I look forward to this becoming a national monument because I think that this will be something that we can share with the whole community and be proud and all San José can be proud of this too and I think it will just -- it will be wonderful. I really I just have to say I thoroughly enjoyed reading all of the supplements that were part of this package in looking and approving this including all of the oral history that was very carefully recorded. It was just so interesting because I didn't even realize that Evergreen college was one of the sites where some of the early inspiration for this came. So I also, I did though cut apiary costs out there in Evergreen where I now live I remember that, I was fairly young so it's really exciting to know that this is going to take place and we are going to have this memorialized and have it for all posterity.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. Certainly is a great day and would I like to thank Councilmember Campos as well as the support of Mayor Reed in helping to move this forward. And of course Councilmember Campos as well, Sal Alvarez and other community members who have kept on this and will eventually see this happen nationally and I'm very excited to see this happen and if you look at the other sites that are associated with really this great man from San José, the Filipino community, representing the great collaboration with Larry Leong and the Filipino American farm workers and the United farm workers, 40 acres, national historic landmark, the Delano Nuestra de La pas, City of San José center, read and study more about those sites as well as a number more, well over 100 sites that have been considered that are considered associated with Cesar Chavez and it's just great to finally have the opportunity to recognize McDonnell hall in this matter and to have it officially recognized which I'm confident will be nationally, I think the most significant part of McDonnell hall is the structure not the four walls but what happened inside conversations that occurred with father McDonnell and Fred Ross

and others that organized, that is way more significant than the structure. I wish we would focus just as much if not more than what was said in the hall than the hall's existence. So this is absolutely a great day and I want to commend everyone for getting the employment this far because it is bittersweet. I would be remiss to co-founded the national farm workers association with Dolores Huerta which became the national farm workers. In 1962 that was also the last time we see poverty at the level we see today. It is the find today, so you know I wish that I just wish that collectively as a community as well as us in City Hall would consider the compassion wisdom and choices today for our workers and for our residents, and unfortunately oftentimes it seems that we prefer that his legacy and his lessons remain a distant history.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you mayor. I'm going to be short, I really appreciate the comments made by Councilmember Kalra. To make this decision and thank you for your time and efforts.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I'm proud of all of the work that's been done. I want to thank you thank you thank you. You can always read about history but it's very seldom that you make history and did you that. Thank you.

>> Mayor Reed: I'd like to thank Sal Alvarez not just for his comments but for the fact he's been chairing the mayor's committee to honor Cesar Chavez. And that is part of this work. Wasn't even on the list when we first thought about things we could do to honor Cesar Chavez because the national effort had not begun. But the national effort is an opportunity for us to acknowledge, honor the work that was done in the City of San José by Cesar Chavez and many others. And Sal is really taken the lead on this, to work with the Department of Interior because the local designation is only part of what we're trying to do here. It's a stepping-stone to the national designation which is important to be a national monument and be part of a national effort to honor Cesar Chavez. I just want to say for the record as I've said many times in public even though this history of Cesar

Chavez is really important and interesting and wonderful to be part of San José that Cesar Chavez is not about the past. I think the importance of Cesar Chavez is about the future. Because it is about the young people in in our community today who the values of service to others, nonviolence and justice for all, if we could incountry cat those values in all of the young people in our city we would be vastly better than we are. The message that Cesar Chavez brought to us is still good today, perform today, it's about the future although we certainly are proud of the past and I want to thank everybody that's work on pes Board of Supervisors, our state delegation, the Chavez family having has been very supportive but really Sal has taken the lead trying to put this together with people all over the state to make it happen and we'll certainly get the letter off to the national parks service and Department of Interior as soon as we can. Councilmember Campos you want the last word?

>> Councilmember Campos: Not really the last word but you know I was just thinking about something that Mr. Munos and you know Al, since I was a kid I have always called you Mr. Munos and I'm not going to stop. He said something about the parishioners who were from Guadalupe from that era, and I invite my colleagues, there are still parishioners from that era that are still around and the history that they bring is remarkable. And if you ever get a chance to visit Guadalupe church on a Sunday or during a celebration you will run into parishioners and get into a conversation because that was really a special time, an amazing piece of history, time for our city, thank you.

>> Mayor Reed: We have a motion to approve. On the motion, all in favor? Opposed? None opposed, motion is approved. Congratulations, thank you, and we'll get that letter off to the Department of Interior quickly. Thank you all for working on this. We're almost done with our agenda but we have a few more things to do. Our next item would be 6.2, actions related to the San Carlos street multimodal streetscape improvement projects. Motion to approve. All in favor, opposed, noafs that's approved. 6.3, grant application to Metropolitan Transportation Commission for two pedestrian and bicycle improvement projects in St. John street and park an. Councilmember Liccardo.

>> Councilmember Liccardo: I would like to thank Manuel pinedda.about and.

>> Mayor Reed: All in favor, opposed, none opposed, that's approved. 6.4, relinquishment agreement with the State of California, for the relinquishment of state route 82 from I-880.

>> More commonly known as the Alameda, Monterey road an Alomark avenue has been a goal of thity for a long period of time. We have made a it a top priority foster the past couple of years. Manuel pineda, we have a slight change in the recommendation which Manuel will note in his presentation.

>> Thank you, Jim. The relinquishment consists of approximately 12 miles of state roadways within the City of San José. We have broken that into three different segments. The Alameda south of 880, including section of Autumn Street monterey road billion to Blossom Hill to Alum Rock within the city jurisdictions. There are certainly a number of benefits associated with the relinquishment. One it is going to help us with precise development on the corridors both with our clings and frontage improvement softened with very successful turkey trot we just had a few days ago and will make those events a lot easier to process. There are a number of major capital projects that are coming forward including the Alameda the beautiful way streetscape which should be under construction sometime next year and the BRT project will be under construction in 2013. Just being able to work through the a lot easier to implement. In addition to that, we do have certain goals in our general plan 2040 and having control of those jurisdictions will allow us to implement as we choose to. Last, the roadways certainly need a lot of work right now regards to pavement during the poor pavement condition and we will be receiving payment funding associated with the relinquishment to bring into a state of good repair. The agreement's about 95% complete at this point. We are still working with CalTrans finalizing a few final dots, crossing some Ts and dotting some I's. As such we are proposing for approval of relinquishment agreement to adopt a resolution to authorize the City Manager to negotiate and mochtion of moftions we're working on are not expected to be very significant. We don't expect that any changes are going to change the terms of the agreement so we do dpech that on December 14th, 15th. The three key items on the agreement one is that we're receiving \$12.4 million for pavement rehab work for CalTrans and that will go through a reallocation of grants through CalTrans and the city. We will follow the standard MTC process and the city will ear market for pavement maintenance so we'll not be additional funding. There are some historic considerations for two locations that are already in the state or federal registry, and the city will follow a process on that. And the corridors will be relinquished as-is. Last, as many of you know

this has been a long way in working. There's a lot of people that we want to thank for the work they've done on this starting with the council for making this a priority in 2009. But really also assembly member Jim Beall especially who authored AB 1670 which allowed the relinquishment to go forward. In addition to that a special thoorchg Roxann Miller who is our eyes and ears who is calTrans and VTA. Lot of D.O.T. staff were involved in this project. I do want to give a special thank to Ray Salvano, and last but not least this was really a team effort by the entire city and the departments Betsy Shotwell from intergovernmental relations. Johnny Phan who worked late hours and very quick turn arounds to make this happen within the time frames as well as Renee Gurza who stepped in and solved a couple of issues very quickly. Our friends at Planning, Building, and Code Enforcement, ESD and relinquishment that required very quick turn arounds and they came through for us. It was very, very helpful. With that we'll open it up for any questions. Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I just wanted to thank everybody who worked so hard on this and I'm particularly thrilled for the \$12 million in pavement money that's so scarce these days and the ability of repaving Alameda alone is just worth this whole effort. I think it's so badly needed I just had one question. Will we be able to utilize, I know we've been utilizing this cold trying to remember the name of the process but essentially recycle pavement on site. Are we going to be able to do that at this location as well?

>> Would I fully expect Councilmember Liccardo that that would be one of the options that we would have in the bid process so I would very much brief we'd put that in the bid specification and contractors would have an opportunity to propose using that methodology.

>> Councilmember Liccardo: Wonderful. I think it's a wonderful innovation we have been pushing and hope that we continue to be successful. I would move to approve.

>> Section.

>> Mayor Reed: Motion to approve. Councilmember Campos.

>> Councilmember Campos: Want to thank staff for all the work that we did. Just like Councilmember Liccardo mentioned being able to just repave these streets is worth it. But being able to leverage the extra dollars and timing is everything. As BRT's going to be coming through being able to create this pedestrian and transit oriented thoroughfare that will take us to the next -- take us through this 2040 planning process, and really make us this 21st century urban center. Because keep this in mind: Alum Rock and Santa Clara, that is the main artery for San José, whether it be the downtown or through the East foothills or through the Alameda. That's the thoroughfare and this is money well spent. Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: I want to say great news, thank you for playing the part in it and also acknowledge that this has been a goal for 15 or 20 years and it is one of the things that takes time but thanks for everything that D.O.T. has done for this project, thank you.

>> Mayor Reed: We have a motion to approve. On the motion, all in favor? Opposed? None opposed, motion is approved, congratulations, staff. It's taken a long time to get here. I thank everybody for this, it is hard dealing with the State of California, I'm not surprised that it's taken a decade. Item 6.5 our street tree ordinance clarification and amendments. We have a motion to approve. On the motion, all in favor? Opposed? None opposed, that's approved. Item 8.1. Report on request for bids for self contained breathing apparatus for the fire department. Motion is to approve. All in favor? Opposed? None opposed, the motion is approved. Open forum is our last item. John ramos.

>> Mayor Reed, city council, I want to thank you all for the McDonnell home move, I mean motion, because I think it was a great move. And which brings also congratulate all of you for the great work that you've done to maintain Christmas in the park. I went to the Friday night lighting, and it was terrific! And it's held at one of the most ironically historic sites in this country, which is Cesar Chavez plaza. And speaking of all this great history that

we're talking about, I want to let you know that today, to the day, is the 234th birthday of pueblo San José, de Guadalupe. And I want to wish everybody here a happy birthday for all the great work you've done to maintain the legacy of that great history. All this was made possible because of a lieutenant colonel Juan de Anza, started with a small contingent of border land soldiers to bring farmers, carpenters, and all sorts of trades that he could get, all the way along a trail called the de Anza trail for 1600 miles, and at Tubok Arizona, 245 people gathered and continued their trip on to what is now San José de Guadalupe, eventually, they scattered to mission Dolores, mission Santa Clara, and on this very day, they created the pueblo San José de Guadalupe, the first pueblo of California and one of the greatest historical cities in this country. For that reason, because the de Anza trail is such an important part of our history oand our legacy, I'm asking the city council to look into the possibility of setting a possibility of a partnership with Kuilacan Mexico. I know this is not on the agenda, but I do want it to be examined, so somebody can place it on the agenda so we can take action yes or no on it. I think it would be a terrific time in these days of the problems we're having with economics and society and all that, to set up a nice partnership with Kuilacan. This is what I am recommending here.

>> Mayor Reed: I'm going to have to ask you to stop, your time is up.

>> Thank you.

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