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>> Councilmember Pyle: I'd like to welcome you all to the Community and Economic Development Committee. We're ready to begin. We have a short agenda today so we'll try to get everybody out for a preholiday shortened version. As we begin, we're going to call together and ask Paul Krutko to refer to the work plan.

>> Paul Krutko: Thank you, Madam Chair. Paul Krutko, chief development officer. For today, we have identified that we would like to make our update probably in the next semester on where we stand with the major league ballpark development, I think the committee and the council is pretty well knowledgeable of where we stand with that so we've dropped that for today. And what I'm not tracking is, oh, I see. So the citywide monuments policy is renumbered to be under consent. And would be deferred until February. As well as the park land. So on your work plan that you'll see, that we'll be going to Rules shortly, and I do need to get a few moments with you, Madam Chair, to go over next year's work plan, at your convenience. You'll see those items appearing on the February agenda. We are proposing that, for our committee, we will not be meeting in January. So the first meeting of the committee will be in February, in terms of the proposed work plan at this particular point in time.

>> Councilmember Pyle: Did you hear that? You get a break. Okay.

>> Paul Krutko: So that's our current status. And you'll see when you see that draft, if you concur with it, that it's February, March and April, May have full agendas. What we've done is keep June open, because what we've noticed is a shifting of items. So that we'll use that space for things to be determined.

>> Councilmember Pyle: Great. So we'll need to have a motion to approve consent.

>> Councilmember Herrera: Motion to approve.

>> Councilmember Pyle: Thank you very much, to defer the items. All those in favor. That has been approved unanimously. Then we'll need to go to the chief development officer's monthly verbal report.

>> Paul Krutko: Thank you. I'm going to keep this fairly brief given we have some fairly meaty items that we will take up. The main thing I wanted to report to the committee was what we felt was a very, very great opportunity that presented itself to us at the last minute last week. We had the opportunity to host the deputy assistant secretary for the Economic Development Administration last Thursday. He -- those of you who know who he is, his name is Brian McGowan. He was formerly the number 2 at business, trade and housing at the state. He left, was recruited by the Obama administration, and what we're learning is that in the Obama administration, the economic development administration is going to take a really key role in shaping and helping to shape and convene the president's policy. In terms of the jobs bill that was discussed, the -- we believe that the -- what the president will be proposing will be significant more -- significantly more resources to EDA, more than they've had in the past, which is pretty heartening, because over the last several administrations there has been a real step away from an urban development role. So it was a very good circumstance. We have a very strong -- had already had a strong relationship with Brian. What's interesting is, that at the federal level, you now have the head of the department of commerce, who was a former county executive, the number one person in EDA that Brian reports to is the former mayor of Bloomington, Indiana, and Brian himself was -- headed the San Bernardino county economic development program before he joined the state. So you have people who really know how local economic development occurs. He was here to give an award to one of our partners, CTC. But we took advantage of that. He had the opportunity to sit down with the mayor, but also we hosted a two-hour meeting of regional leaders here, my counterparts from San Francisco and Oakland and others of the counties surrounding in our ten-county region. He did -- John -- in a few moments John and his team will talk about the incubators. There was an opportunity for Brian to go and have lunch at the biocenter and meet with our partners from Santa Cruz, the University of Santa Cruz as well as San JosÉ State. And then in the afternoon we had the chance to take him out to look at the project that you all approved that is in front of the EDA right now that is the clean tech demonstration center. And he was very positive on our prospects for funding for that. And then he had the chance to go and attend the Silicon Valley leadership group's annual reception. So we made a very full day of it and were able to communicate a lot about how San JosÉ could advance the administration's agenda. And so we're looking forward to that relationship. I spent a little bit of time on it, but we think it's a real key relationship for us moving forward. And as each of you have an opportunity to travel to Washington, one of the stops we'll want you to make is to stop at the EDA and connect with Brian. They will be pursuing legislation, they will be pursuing

funding. They'll be looking for us to say why that will be important. So we think it bodes well for at least the next three years in terms of a good federal relationship. Madam Chair, that's all I really wanted to talk about today.

>> Councilmember Pyle: If I may, I'd like to respond to a couple of things. Number 1, in reference to the CET award --

>> Paul Krutko: CTC award --

>> Councilmember Pyle: CTC. Maybe that's not the right one. Center for economic --

>> Paul Krutko: No, it's not. We have two centers that provide training and this is one of those organizations.

>> Councilmember Pyle: Okay, then when you did talk to Brian and you mentioned the -- more funds, those funds would be more commensurate for San Jos  than they have been in the past?

>> Paul Krutko: Well, one of the things we were able to communicate is that unfortunately, over the last two decades, we've been successful in receiving planning dollars from the economic development administration but not construction dollars. In fact we haven't received a construction grant from the economic development administration in over 19 years. So we did highlight that. Now, part of that is sort of where they go in terms of economic distress. And one of the things that we did talk about which I think is -- they get, there is going to be a focus out of the Obama administration on regional innovation clusters is the phraseology. They think in the first phase of the stimulus, they focused a lot on the problems that corporate America was having. As they move into this next year they're now going to focus on how we spur innovation and entrepreneurship. We're viewed as a place, not only as a model but a place to invest. And one of the things that we made sure to communicate, and we should communicate, as well, and talking points that we give you is that you know, so far, the administration has really focused on places that have had long term chronic unemployment. What our problem is, is that we have very short term dislocations that can be equally as severe. And if your criteria for providing assistance is based on long-term chronic unemployment, you can miss the fact that you need to invest in places like San Jos , which is -- we are at or above right now the national unemployment rate. So one of the things that's important to know is, he understands that, gets that, and we're going to have an opportunity to help craft the relationship. Many of us in California are pleased because we all worked with Brian when he was at the administration and to have a Californian but also somebody who gets economic development at that level is really, really important.

>> Councilmember Pyle: Thank you. Are there any other comments? Sam?

>> Councilmember Liccardo: Thank you, Madam Chair. Paul, thanks for that update. I know that we've got lots of Silicon Valley folks sprinkled throughout the administration that I hope it would be helpful. But I just wanted to add one more to the mix, maybe. Joe Heard is the director of the export promotion and trade policy at the Department of Commerce and is a direct report I believe to the secretary. He's a Silicon Valley -- he was living here for many years, his wife's in San Jos , he started -- involved in a couple of startups. And I'm hopeful that if there are opportunities where we've got companies that are looking for ways to -- that are really export-oriented, I think Joe would be a guy that would be very receptive to whatever we're doing there.

>> Paul Krutko: So two comments on that. One was that Brian McGowan indicated that, you know, it's so funny, we all talk about silos, and that group is in commerce. And he described how that recently, for the first time in a couple of decades -- it sounds incredible, but in a couple of decades, that the export people were actually talking to the EDA people and getting the notion that economic development would be to spur exports. In the past administration, it was, well, promoting exports has nothing to do with economic development. So that's one that they're actually talking to each other, which was -- which is really, really important. The other thing, and I don't know if I reported on it at the last committee meeting. But as an outgrowth of one of those opportunities where someone else pays for us to go to meetings, when Kim Walesh was representing us at a world trade event, we were invited to, she got to connect with the Department of Commerce, that branch, and we actually hosted in these rooms within the last 30 days a session for Silicon Valley companies on how to do business in Europe. And we had, from the Department of Commerce, the expert for each of the respective European countries. Some of them were a group. There was one man that was responsible for all the Nordic, you know, Scandinavian

companies, but there was German representative. But it gets just to your point, how do we help our companies sell in Europe, which brings money back home. So it is a very important link.

>> Councilmember Pyle: I'm encouraged that you're making all these strong alliances. Anyone else wanting to make a comment? Nope. Then we're ready to move on to the second part, the small business incubators report, and that sounds like redevelopment to me. So here is the team. Abi, I'm going to rely on you to introduce everyone.

>> Abi Magamfar: Good afternoon, Madam Chair, members of the committee. Abi Magamfar, redevelopment agency. With me, Richard Keith, Terry Highland, and Julie Amata will be taking parts of the presentation. What I would like to start with, is the opening comments from historic perspective on various incubators that the redevelopment agency and City of San Jos  has been supporting. Amongst them, environmental business clusters, was established in 1994. U.S. market access center which primarily caters to foreign companies, established in 1985. Entrepreneur center, which is a business service organization, with numerous different service providers, established in the year 2000. San Jos  biocenter in Edenvale opened in 2004. And software business cluster was also one of the earlier incubators established in 1994. However, as part of the move that we undertook this past summer, that incubator was discontinued. I'm happy to report that many of the clients in that cluster are remaining downtown and they are keeping their offices downtown. The programs, except for the entrepreneur center, is managed in partnership with the San Jos  State State University Research Foundation. They are basically -- they are managing all of the programs, the agency enters into a sublease agreement with the university foundation and they manage day-to-day operation through various service providers. In this case, we have the prescient company that manages the biocenter, as well as the environmental business cluster. And also, direct management provided by San Jos  State Research Foundation for the U.S. market access center. The entrepreneur center is managed through an agreement with Humboldt State University, and they manage that part of the program. With that, I'll turn it over to Kelly Highland to give us an overview of the new home two-day incubators which is called San Jos  innovation center.

>> (inaudible) [Off microphone] (inaudible) so in order to accommodate these programs we've undertaken some tenant improvements by adding 12 new offices, 21 cubicle work stations, 8 smaller work stations for visiting companies (inaudible) and in addition a training room on the first floor that the e-center manages to accommodate (inaudible) so some of the other improvements include a new (inaudible) things of that nature. One of the more interesting aspects of this project is that the Hotel Montgomery is currently transitioning to a (inaudible) way finding. So we have talked to the operators of the Montgomery (inaudible) so with that I'll turn it over to (inaudible).

>> Since we are nearing the end of the calendar year we thought we'd give you a quick overview of the incubator programs some of the highlights from 2009. So the U.S. market access center which of course just moved into the new innovation center, provides business development services for international companies that want to enter the Silicon Valley market. Right now we have 33 resident companies and 24 affiliates. There are about 45 jobs here in San Jos  with those resident companies, and we estimate that to date, the companies that have been resident in the U.S. market access center have raised over \$150 million of equity. Some of the highlights for this year obviously has been a challenging year (inaudible) and particularly for startups in terms of raising funding. However, we do have some (inaudible) from 2009 at the U.S. MAC. A company called hexagon which is out of Finland, was able to raise \$22 million this year and edgewear which is a Swedish company raised \$8 million, these are fairly significant raises given the current economic comment. In addition, the U.S. MAC was able to enter into a partnership this year with the Catalonian trade office. So that organization is going to be opening their own sort of mini-incubator within the U.S. MAC and will be bringing seven solar and software companies to San Jos  in the first quarter of 2010. In addition, over this year, we've seen expansion in the program that the U.S. MAC has been offering. They have a new affiliate program and services. They have also physically expanded the number of mentors they are able to offer to their clients. And finally, in the (inaudible) side, they expect that in 2010 they're going to be offering monthly as opposed to quarterly events for their clients. This is a fairly exciting expansion of their program. Other good news is that they've been able to secure some new sponsorships, particularly just in the last week we learned that Alton Burge, the legal firm. Will be donating \$25,000 in this coming year. So next program, environmental business cluster, this is our clean tech commercialization center. Over the course of 2009 they've had 10 resident companies and 12 affiliates, and they've created over 40 jobs here in San Jos . To date (inaudible) raised over \$130 million. Again, I wanted to

start out (inaudible) about companies and the funds they've been able to raise. Solar Red, which is an installation company, was one of only five California companies to receive stimulus funding, in fact one of only nine companies throughout the United States. We consider that to be a significant win. (inaudible) design company, was able to raise \$13 million this year as well. A series of events that (inaudible) started have been clean tech financing panel discussions. They held six (inaudible) events over this year, and they were packed. The attendance was from 150 and 200 people at each of them. They're bringing in major industry and investment speakers to these events. Other events they have done for their clients are what they call meet-with series.

Through these series what they do is partner with an investment you know or funding arm which looks at applications from companies that would like to meet with them to pursue partnerships. And so companies are then selected to meet with them to have further conversation. They received over 100 applications for these particular meetings. And finally, as you know, the EDC has partnered with the clean tech open. The city offered five last year, spaces and services at the EDC and is doing that this year, as well. The EDC also partners with the national renewable energy laboratory as well as the California Energy Commission. So it has been a year of solid growth for the EDC. And finally, this is the biocenter that not located in downtown, we are keeping it in Edenvale. I think you're again familiar with the biocenter. Right now we have 21 resident companies and about 15 affiliates. Those companies employ over 300 people. About a third of those are at the biocenter site. And to date biocenter companies have raised over \$1 billion in equity. That's some of the highlights from this year. You may recall that in April, the biocenter received the incubator of the year award from the National Business (inaudible) Association, which has significantly increased Biocenter's profile nationally and internationally. By the major deal of the year, which is the fundraising for companies, was that (inaudible) biotherapeutics closed a \$370 million partnering deal with Glaxo. Other companies this year were able to get some funds from both the NIH and the (inaudible) program. In the summer of this year, the Biocenter submitted an application to the NIH requesting \$10 million of funds to help with the expansion of the facility. We are still waiting to hear back from the NIH on that application. The biocenter has continued this very impressive program of events, they cam highlights of that are to meet with series that they do, with biotech investors and funders, so again, highlights were the national cancer institute, and Genentech, and in this case they received over 250 applications to meet with these organizations. So again, a year of solid progress, at the biocenter. They remain fully occupied throughout the year.

>> Good afternoon. The entrepreneur center is proud to say it's coming up to its 10th year of existence in downtown. I think will be a good tenant of the innovation center. The East center is only one of two in the whole nation, the other is in Orlando, Florida. And it's especially important that we have this facility, because we're the largest city in the country without a small business administration office. And the San Francisco office does recognize that and has part-time staff down at the youth center. The main focus is to do these trainings. We have about 75 trainings a quarter, and several service providers, including the SBA. SBDC stands for small business development center. And we have development companies that provide 504 microloans, including the largest lender in Santa Clara County called TMC. A New America is another organization in there, and we have both the Hispanic chamber of commerce and the greater Hispanic chamber of commerce. As I said, we have 300 events and workshops and counseling sessions and serve about 100,000 people a year. Of particular importance, too, we're one of the only organizations I think that has quarterly trainings in English, Spanish and Vietnamese. And to that effect, I'll leave some catalog. This is just for the last quarter that shows the number of sessions for just this three-month period. And in addition, we have procurement opportunities and sessions with Genentec, the City of San Francisco and Chevron. So those procurement offerings are every quarter as well. One of the things we're proud of is we have an agreement with the UCLA Anderson school of business where their executive business team comes down and does one annual training and it's attended by over 200 persons a year. This year, we also, in coordination with Work2Future, the redevelopment agency sponsored a restaurant boot camp at the entrepreneur center with over 70 San JosÉ restaurateurs. Because we know restaurants, as many small businesses, have a very difficult time staying in business, and we think this was an important training and very helpful and hope to have actually a follow-up. I'll hand these out later. With that we'll end and offer any questions that you have.

>> Abi Magamfar: I'd like to add one other item, the building (inaudible) you may have seen it (inaudible) unfortunately, last weekend we had a (inaudible) someone had climbed the scaffold and entered into the building, broke a window. We had some damages, police did investigation. Everything is under control. We have employed additional security measures in place. Now we have 24/7 security until the second scaffolding comes down and other measures of security have been employed at the building. (inaudible)

>> Councilmember Kalra: I just want to thank the redevelopment agency staff. It's been a really difficult year for all of us, particularly for RDA. I think a tremendous amount of work ethic and results. I appreciate that. I did get an opportunity about a week and a half ago to take a look at the innovation center, as it's within a couple of weeks of them kind of moving in and there were boxes everywhere. But you can already see -- you can see the vision of this place, people that are working in there are very excited to be there. Had a chance to talk with representative from U.S. market access center. Very exciting, the progress that's being made. He's so excited by the synergy, having everyone in the same place, a block from City Hall, for us to be so physically close, partnering on workshops and opportunities to use whatever leverage we have, city representatives as well to help attract some of these companies. So I just think it's tremendous. I'm very excited about having it completed and having all the customers in there and all the companies moving in there. And even while I was there they were giving tours of some companies from out of the country that were interested in some space. So I just think it's already, before it's even really gotten going, proven to be a success. I just look forward to the opportunities that we're going to gain from that. The timing is really, really good, given the market, as well, to be doing this. And the last note is, the biocenter, obviously I'm a big fan, I think it's been clearly expressed by me many times. The success this year I think, having a solid year in this economy is outstanding. And I've talked to a number of the residents of the biocenter and without fail they're all completely satisfied with the staff with the amenities and with the service provided to them. And so I'm very happy to have forwarded the biocenter to be mayor to the recognized at the state of the center address, when he gives his next state of the city address, I think it's appropriate given their accomplishments this year and hopefully that will add one more selling point to show them that the city really appreciates what their doing.

>> Councilmember Herrera: Thank you, chair. This is always so encouraging to hear about the incubators. As somebody who spent some time in the high technical side of Silicon Valley with my own startup, innovation and entrepreneurship is very close to my heart. I tried to take the skills I learned when I was in Silicon Valley doing that, and applying them to the challenges we meet here. So seeing this is just very exciting. I have some questions and on -- in terms of the software business cluster, it's great to hear that clients are remaining downtown. I guess I wanted to know if you can tell me how many companies and maybe how many employees that represents or the size of those companies or some kind of indication?

>> Abi Magamfar: Sure. We have total of six different companies in software business cluster at the time. However, not all six of them were software-related companies. So that was one of the major reasons for discontinuing that program. One of the companies in the program was a company that had pretty much grown out of incubation almost six, seven years ago, however they were still remaining in there with 40 employees. So they really didn't need any more support as far as incubation is concerned. So that is the -- one of the companies that remains downtown. And three of the smaller companies are remaining in downtown. Two other companies are the ones that no longer are there.

>> Councilmember Herrera: And how many employees are the other two companies approximately?

>> Abi Magamfar: The ones that remain in downtown, approximately -- yeah, so total of about 50, with that larger company.

>> Councilmember Herrera: Okay, thank you. Because I'm excited about the fact that we have these various incubators programs, and I'm looking, one of the measures of success I'm looking for, would be to see these transition and stay in San Jos  and grow, and obviously be able to produce tax revenue and things that would help us grow Services. Because that would be a great return, return for our investment as we're moving forward with it. And I had the opportunity to vista the biocenter. I'm biocenter envious here of Ash's district, because -- and the person running it, Melinda Richter, is just incredible. I have to sing her praises. Is she also in charge of -- is she also having some involvement in the rest of these incubators, or is she simply focused on the biocenter? Because she has some amazing talents. I hope we're not going to work her to death here but have her maybe be involved in some of the other incubators as well.

>> Abi Magamfar: Yes, actually, she does. Melinda's company (inaudible) not only runs the biocenter, they run the environmental business cluster at the San Jos  innovation center downtown.

>> Councilmember Herrera: Great. That's really all I have. I'm very interested I'm interested in continuing to follow up with this. I have not had a chance to visit the innovation center but really look forward to that and keep coming back with these wonderful companies.

>> Abi Magamfar: We are actually looking to setting up a time perhaps in February for a grand opening, ribbon-cutting open house and you would all be invited to attend.

>> Councilmember Herrera: I'd love to do the ribbon-cutting but I'd also like to get in and really learn about what's going on and do things that are more symbolic than ribbon-cutting as well. Although I love ribbon-cuttings. Those are always great. The last question I had was, do you see in the future other types of incubators we should be looking at? Because obviously we focused on these particular ones. We've seen software come and sort of now that's not the focus. Can you tell me if you see any others on the horizon and what would be your criteria for setting up a new type of incubator? Who would you be looking for if that were to happen?

>> Abi Magamfar: Well, we are always looking for different technology. And since Silicon Valley is the center of technology we have our eyes and ears open as far as what is up and coming to be able to take it to the next level. Working with OED, we would definitely be interested in oing other incubation. But I'm in the sure if at this time we have identified any other business or technology that we are moving forward. I'll ask Paul or John.

>> Councilmember Herrera: And I'm really looking for your strategy going forward. I'm not seeing whether you have one right now but what is your strategy, how will you look to the future?

>> John Weis: Councilmember, it's interesting because the biocenter is San JosÉ that we started doing the analysis of in about 2001. And it was done because we had clear indication that, whereas in the 1980s and '90s we didn't think bioscience made sense for San JosÉ. But there had been an infrastructure, an increase in the amount of infrastructure that had been brought to San JosÉ in terms of the number of companies that had located here. And so we felt that it made some sense. We spent about a year, year and a half analyzing it. And I think that it's been quite a success. I think that there's no doubt that the whole issue of environmental and clean technology still makes a lots of sense. I think that one of the things that we are looking at in terms of life -- in terms of environmental is to take perhaps, if we have the finances, to see if the incubator right now, which is really -- doesn't use lab space, but a lot of indications we are getting from Melinda and others who are work there is that they do need some lab space. So it is to take that incubator and move it to the next level. In a sense, in the same kind of facility that the biocenter is in right now. Maybe a little bit smaller. So I would see that as our next major effort. But it is going to be a function of our availability of funding, whether or not we have the funding, or we have to go and get it from the federal government or the state government. But right now, that seems to have a lot of promise. And in terms of our ability to have horizon, we are still as you know looking at expanding the biocenter. We think that putting the biocenter there was only the first step in trying to establish a bioscience industry for San JosÉ. One of the problems we're having at the biocenter honestly is that there are not that many lab spaces that have been built in San JosÉ. They're built in Palo Alto or in south San Francisco, so when some of these companies need to expand, and we work with them to expand in San JosÉ, they get a better deal, someplace else, because the existing space is there, and at a much better rate. So we have a lot of work to do in biocenter and in environmental, because our goal is to establish them as alternate economic bases for us. And we have a lot more work to do there. So I think that's what we need to be doing next.

>> Paul Krutko: So primarily, as a next facility at this point, we do have a \$4 million application pending in front of the DEA. We have gone to Seattle. It should be going on to Washington shortly. That's a project that we brought before you. To some extent it is a large scale incubator. It is a demonstration facility. What we're hearing from clean technology companies is there's been a significant shift in venture capital. Where in software or bioscience you essentially demonstrate some kind of product in a lab, or you write a particular piece of code, and somebody's willing to fund you. In clean technology there is a chicken or egg now that's going on which says show me the product actually will work, and that you have a customer for it, then we'll provide venture capital to take you to the next phase. So the idea in terms of the partnership of ESD is to have a portion of it be of a significant sort of, don't want to describe it this way but sort of a more gritty hands-on building environment is what we're proposing to do there. And that would potentially take people who are in the environmental business cluster with an idea and then take it to a demonstration phase, in which then, it should be able to garner more financial support. So we're trying to create that facility, it's got great flexibility so that it could demonstrate a variety of clean

technologies. So that's an example of where we're moving to next. But we do as John's pointed out, we need to be, we think later in the agenda you'll hear where we're going with the economic strategy in the next five years. Part of that is to be listening, to be sure that we're looking for whatever those new opportunities might be, so --

>> Councilmember Herrera: So if I might just say, from what I hear you saying John and Paul, John, that we need a second tier, a larger area than we have currently for the small, beginning space, in the biocenter to accommodate these companies as they roll out projects and so they can test them and actually demonstrate with customers and I'm also hearing that with the clean tech. What I'm hearing too in venture, because I'm still plugged into some things in Silicon Valley, that the need to needing to produce sales and customers and demonstrate the product's viability is not just true in clean technology.

>> Paul Krutko: Right.

>> Councilmember Herrera: It's true in startups in general, because the capital markets have been really tight, and venture capital is really looking to see products proven out before they invest. So we're seeing some of that go on, I think, across the board in startups.

>> Paul Krutko: Right, and that's the other one, Councilmember, just to add onto that. The demonstration policy becomes really important, too, because to some extent you can turn the entire city into an incubator when you do that. If we're open and willing to allow people to demonstrate their projects that really has some fourful applications. We've been able to develop over the last few months a richer, deeper relationship with Kliner Perkins. And one of the things that they're saying to us is just what you said, they actually want to see their companies have a applicability someplace where they can show others and garner more capital. So I'm starting to move to that sort of language that how do we, using our demonstration policy, have the entire city be an incubator. Not just this building here or that building there. Because if we can demonstrate a municipal market, then that opens the door for companies to sell to municipalities all over the United States and all over the world.

>> Councilmember Herrera: Thank you.

>> Councilmember Pyle: Pretty exciting. I just wanted to ask you one a quick one in reference to the market access center. With the (inaudible) and apprenticeship program, who does the mentoring? These are all members of your redevelopment?

>> No, these would be volunteers from throughout the business community in Silicon Valley.

>> Councilmember Pyle: Ah, like Score and that type of -- okay.

>> Or -- yes, directly into the schools and business community offering their assistance.

>> Councilmember Pyle: And then in reference to the money that came through from Epstein, Becker, Green, and Alston and Byrd, what do they expect in return?

>> John Weis: Well, that's a good question.

>> Councilmember Pyle: What's in the game for them? You don't have to answer that right now if you don't think about it.

>> I don't know specifically for those two companies, but I can tell you that typically the sponsors would like to engage with the clients in the facilities, so perhaps, you know, they're holding sessions where you know, pro bono law sessions or accounting or invite sessions.

>> Councilmember Pyle: So this is future business?

>> To cultivate relationships. Yes.

>> Councilmember Pyle: Big time at a reasonable price, really, that's great. Well every time I hear about this I just get so excited. This makes San José look great. And it's one of those things that we don't talk about all that much and we don't get out there. So I want to do my part in getting out there. In reference to the fact that you're going from quarterly trainings to monthly, those are all good signs. It was interesting to me that you do Vietnamese Spanish and English, no call for Chinese?

>> Not to my knowledge, no.

>> Councilmember Pyle: Okay, that's kind of interesting. I guess maybe they work with the Taiwanese groups or something.

>> Yeah, it took some time in the first five years of the entrepreneur center, there were -- it was strictly English. So as a member of the oversight committee, along with other representatives of government and community, we've made sure that Spanish and Vietnamese are included.

>> Councilmember Pyle: That's wonderful. Any other comments? Yes.

>> Councilmember Liccardo: Thank you, Madam Chair. I just wanted to (inaudible) very intriguing. I think the fact that we have a many square mile demonstration site here in the city, which could be incredibly, I think that would be a great concept for us looking at our next item or couple of items down with the economic strategy, I think that's wonderful. Has there been much city engagement or involvement through any of our incubators with the nonprofit community involved in microfinance? Is that at all on our radar? And by that I mean, particularly those nonprofits that are focused on small immigrant led businesses, they're obviously not going to be brought into the incubators but are out there somewhere.

>> Abi Magamfar: As far as established incubators are concerned, I do not believe that connection has been made. There has however, as Julie described, been many different sessions with the commercial institutions. And they are very much interested in working with a clean tech and the (inaudible) and programs.

>> Councilmember Liccardo: The reason I raised that is we have some member companies and affiliate companies are receiving services though they're not housed inside the incubator. I can imagine there might be a larger universe that we are not simply in contact with because of all the various barriers in community, cultural lack and others. I know there is one company downtown involved in reaching out to these smaller companies, I know they're not all in the driving industries that we're looking for but I wonder if that may be a way to bring more folks into the fold?

>> John Weis: In the early parts, I'm not sure which, lenders of community development and the opportunity fund has always been involved with the entrepreneur center. It may be that they are translating that early involvement into microlending. But I'm not sure that they are. I think it is something we could have a discussion about, specifically on microlending, specifically on the immigrant community. But that's what the entrepreneur center has really focused on, is an awful lot of the immigrant community that's here, that's why the Vietnamese and the Latino community.

>> Councilmember Liccardo: Okay, thank you.

>> Paul Krutko: So what I would add to that is, I think more in the vein of getting back to you to make sure and if not we can make that connection, we've had good, really good success with the sort of the virtual business assistance web 2.0 component of the VOS network in which we can have companies, entrepreneurs at their own time, come into that system and find the services. The question that I don't know the answer to but I'm going to go find out is, do we have in that network a section of microfinance, for those kind of entrepreneurs that we're talking about? That would be a natural link because somebody is coming to that wanting to know all kinds of things with want be to start their business, I know we have connections to conventional sources of finance and to small business administration. I'm not sure we've got the microfinance so that's a really good thought and we could put that into that endeavor. But we are getting close to 100,000 discrete kind of connections to that system. So it's working pretty well. I'll check into it and we'll get the check back at the committee.

>> Councilmember Liccardo: Thanks for your willingness to consider it. I wasn't aware that your outreach was quite as robust as it is. Thank you for filling me in about that. The last question had to do with the facility you referred to for the environmental business, the lab facilities, is that focused on Las Plumas?

>> Paul Krutko: Yes.

>> Councilmember Liccardo: Great, thank you.

>> Councilmember Pyle: Great. Thank you all. All I need now is a motion to -- I should ask first, are there any people here that would like to speak, in reference to the incubators status report? Seeing none --

>> Councilmember Herrera: Motion to approve.

>> Councilmember Liccardo: Second.

>> Councilmember Pyle: All those in favor, that is unanimously approved. And we're ready to move on now next is update of the economic strategy. And David Wall, I am not going to forget you this time. I know you want to speak on the subject, so just stand up and everybody will know. And with us we have Kim Walesh. Thank you, by the way, for that great report. We are always happy to see you, Kim.

>> Kim Walesh: Well, thank you. And I'm here with John Lang. John and I were the leaders of what has been a very intensive ten-month effort to update the economic development strategy which was adopted in 2003. Of course the OED led this effort. It involved the agency and many, many city departments. So two of us stand before you today with a lot of input behind us from the rest of the city and the agency. What we want to do today is provide a progress report, and essentially, we're releasing the executive summary of the economic strategy. So you have that in front of you. It's also online and it will be released in an info memo to council this evening or tomorrow morning. So what I'd like to do is three things. One is to give you a sense of what the process has been, so you know about what we've been doing the last ten months and where the input has been for the strategy. To preview the draft strategy, some highlights, I see you are skimming in already, that's fine. Key in on the areas you're most interested in. There is a lot there, we're not going to go through it all. And key in on next steps, how we're going to key it in for public review and for council. The economic development process, the one thing we have learned over and over again is when you do a strategy it's not just about getting to the right answer. It's not just about getting to what should you do? That there is a lot of opportunity for working on the how, so that it involves a lot of listening, huge opportunities to listen to what people think, huge opportunities about education, how the economy really works and how we're doing. And really, opportunity to develop a shared vision and leaders who can come from all walks of life who want to help move the strategy forward. We're always thinking about the right balance between the outreach the facts and analysis and the leadership. From the outreach, we started on the right there, we interviewed all of the medium from the city departments and the agency who were involved in overseeing the implementation of the 15 strategic initiatives that were adopted in 2003. So we took a frank look at what we accomplished and in some cases where we fell short. We also formed an expert advisory group which I'll somehow these names in a moment. An exceptional group of people, provided a good perspective. We interviewed them, we convened them, they've all been involved in producing the draft you see before you today. In fact most importantly, we had rich conversations with 14 different focus groups who really I think represent a cross section of economic life in San José. And there are more than 130 people who have participated in those focus groups. The fly-in here -- very nice, John, I like that -- is what we're going to do next.

Now is the time between now at end of January, early February, for more public input. We'd like all the people that participated in the focus groups to see the product and comment on it. We would like council to send it out to their constituents and be discussing it and for you to review it. The City Manager would like to send the document to all city employees so they can start thinking how their work connects to advancing the strategy forward. So we've had a lot of input, but now there's an opportunity for more in terms of reacting to the draft. Focus groups, as I mentioned there were 14. The model that worked very well was to host some of these in conjunction with other partners. So some of these were co-hosted with the mayor and the agency, especially some of the ones that had to do with commercial developers, residential developers, large retailers, Monterey corridor. Ash Kalra, for example, you co-hosted a really fabulous conversation with the Indo-American business leaders which got us off to a good start in February. With the chamber of commerce we hosted the chamber young professionals group which was actually just a fabulous conversation. You wished you could capture all the energy and ideas. With

Work2Future, actually with the food commercial workers local 428, so we did a lot of partnering to make these focus groups happened. Every single one of these focus groups has a synopsis. And that material is all on the website. I'll show you where in a moment. It's really worth a skim. There's a lot of good information there. You can see the names of the expert advisory group members here. This was a combination of representatives from our key, I would say major institutional stakeholders, like Working Partnerships, San José Silicon Valley Chamber of Commerce Leadership Group, Joint Venture, as well as these people who are just unquestioned outside economic experts. Si Dr. Steve Levy, who you experienced on November the 5th, Lenny Mendonca, who heads all of McKinsey's research out of San Francisco, Sean Randolph, Doug Hinton, Dr. Ani Basu from San Jose State University, he's with the business school. So you can see, it was a really terrific group to work with and a group that really I should say admires and cares deeply about San José. And then of course there was extensive updating of facts and extensive research, which John really did the vast majority of that. And that is all available online, or will be shortly. So there's presentations, there are research findings about the performance of the economy, about the structure of the economy and how it's changed, about the community success factors underlying our economy. We'll be sharing that going forward. But if anybody is interested in spending their holiday with economic data you can go to this Website and can you start downloading materials. And then the full report is on here, the full report is about 50 pages so if you want to read all the details, 50 pages actually isn't so bad and can you download it there. Okay, so what's in there? So just to remind you, the 2003 strategy, it really had four parts to it. So starting from the right here, we were clear about what our desired outcomes are from the economy. We then had an economic vision of what it would really mean to be the capital of Silicon Valley. What would that look like. That strategy had 15 strategic goals and then there were actions underlying each of those 15 strategic goals. So that structure we're just going to keep the same because it worked. You can see in a moment we had 12 strategic goals instead of 15 because we thought it was best to have fewer. So the first chapter of the full document, actually is a look back. Pretty incredible, each of those 15 strategic goals from 2003 we identified the top five achievements. And as you read that I think you'll see, we have accomplished an enormous amount in five years. I think having the strategy and having everybody sort of focused on moving forward, the value of that really needs to be recognized and all the work that went into moving the needle substantially on the 15 strategic goals really needs to be recognized. It is something to feel good about in difficult times. So I hope you take a look at that chapter. In the 14 focus groups we always opened with a positive question of tell us where you've noticed progress in the last five years and you can see the list up here. I mean the residents and businesses of this community notice progress. And these words, this is in no particular order but these are the common things that came up over and over and over again. So what are the three goals that we set? The economy needs to increase, economic prosperity. It needs to increase opportunity for people in terms of jobs and income and it needs to sustain city revenue growth. And of course, you've seen this before, that the economy and the community are two interdependent priorities. For the update, we took a look at the economic vision that had been created five years ago, with a lot of community input. And our conclusion was that to a large extent, this still is really compelling, that this is what the people of this community and the businesses really want us to work toward. There's one modification I want to point out before you notice it, and that is the last but there is new. So we're making a statement that Silicon Valley and San José need to be a contributor to the world. That we're not just going to have a strong economy for our own benefit, that we want to be a valued contributor to addressing the world's most pressing public challenges, whether they're environmental, economic or urban. So we then took a look at what's the environment that we operate in. And clearly from the focus groups and their research, you can just tell the next three to five years, it's going to be more uncertainty, volatility, stronger and stronger competition, and an environmental of slow growth. And so we need to keep asking ourselves, what does this mean for who we need to be as a city. And the words that just keep coming up are, we need to be very flexible, we need to be focused, we need to be very aggressive, and we need to be opportunistic. Because we don't know what the future is going to be like. But one thing we really realized was that we are in a position right now where San José is really starting -- going to start feeling the effects of some long-term shifts. There's a lot of research about these, and long-term changes that are taking place, that we really think are going to start to play themselves out, in San José over the next five years. So there's seven economic forces of change and there are three demographic forces of change. Why don't we keep going -- I'm happy to go back and go into any of these if you like but there's -- on the demographic side especially, we don't normally think of demographics as linked to our future. But in this case, it totally is. All of the population growth and the adult population coming from young adults and seniors, a projected contraction of 40,000 people in the 35 to 55 population, we have not gun to they what the effects of that are on our community and how we keep our economy successful. The other new information in here is the last 25 years, the majority of the growth in the workforce has been from immigrants from foreign country. So from 1980 to 2005, immigrants from other countries -- I'm sorry countries and other states, accounted for two-thirds. In the next 25

years, the workforce comes not surprisingly from the sons and daughters of those immigrants who have been born here and raised in the California public school system, predominantly. So that is a huge factor going forth, when we think about whether Work Force or Silicon Valley will come in the future. Not that there won't continue to be foreign immigration, and we need that, and a lot of people are worried that that's going to slow. But in a relative sense, the majority of the workforce growth comes from the sons and daughters of those prior immigrants. And then of course statewide we expect that by 2025, 41% of all jobs will require a college degree, but only 33% of Californians will have a college degree. So we're not doing a good job preparing young people, especially for the jobs that will be there. There is a whole chapter in the document about these forces of change. I know the envision 2040 task force is looking at them, but they're really, really important to understand and help us think about what they mean. So our basic conclusion is that San José faces a two-part economic challenge. As the national economy recovers, slowly, we need to regain jobs for our growing population, and we need to regain revenue for services and infrastructure investment. That is a clear priority. At the same time, we still need to focus on creating an outstanding business and living environment that can compete with the world's best cities over the long term. So that's our framing of the economic challenge and you will see in the strategic goals there, that we decided to group them into those two categories. So the first six there are all most directly tied to regaining jobs and revenue. And I want to point out number 3 is actually new. It's sort of making it more important than it was five years ago. Because there's a strong sense there's a particular opportunity for San José in an environment where manufacturing jobs are shrinking and where there is tremendous concern in the community about the polarization of very high end and very low end and there's a shrinking middle and that becomes more important. I'd like to point out number 5, many employers and residents say the biggest threat facing San José's economic future is the State of California. It is just like a strong sense that if we do not get involved in all this, that really the extreme version is, nothing you do locally is really going to matter, it is going to be at the margin. And so I think you have seen this city stepping up its work on its identity and its influence and us making more asks and demands. It was the strongest message in the focus groups that this needs to continue. So then the second set are really about investing for future success. We can't put this off to another day. We need to keep this going now. So number 7 is about education from you know, K-12 to post secondary to the kinds of things that Work2Future is involved in, the Diridon stationing a key center for Northern California. There will be work to do in developing the airport, each though the initialing buildings are done and you creating more can practice. People feel so good about the momentum downtown, especially those young professionals. They say things like, downtown has become, there's such a strong sense of community downtown, I know, these people weren't there five years ago. So 11 is rail a nod to the fact that envision 2040, those walkable vibrant mixed use developments, attracting the kind of talent that we need. And last, we have been a leading city, arguing that sports, arts and entertainment are really important and that they need to reflect our population and our distinctiveness. So you see sports, arts and entertainment in the economic development strategy. So then last, as I mentioned we want to have a lot of conversations with employees at all levels, about what the strategy means for them and the role that their job plays. And one of our key messages, and one of Debra Figone's messages is, that economic development is a citywide business. I think you know we've got a small Office of Economic Development and we have a larger redevelopment agency. But so much of what the city does in many, many other departments, transportation, Public Works, housing, Planning, Building, and Code Enforcement, I would even say the Public Safety department, all at the end of the day, shapes our economic development opportunity. So we really will have conversations about what this strategy means for all of us as city staff. So, the next steps, as I mentioned, or this afternoon, begins the public review process which can last through the end of January, middle of February. At their January 11th evening meeting, envision 2040 task force is doing a special session about economic development and innovation. So this content will be shared with them then. We'll see what they think. We'd like to aim for a council study session in February, so that we can share more of this and even bring some of the focus group participants and businesses so you can interact with them directly. I think there's a date that's on the calendar tentatively as December the 8th. We may try to grab that date if there's not other conflicts for that. And then sometime after that you would take council action so perhaps at the end of February or March and we can work that out. I want to thank John in particular for all of his good work in driving this forward the last calendar year, really. And Paul for his support and involvement also.

>> Paul Krutko: We really do, however, need to thank Kim. Over the seven years that I've worked with her, we have, I think as she's pointed out, focused attention on having an economic development strategy and how intertwined it is with all of our work in the city. It's always important to remind the council that before 2002, we did not have an economic development strategy. It was adopted by council. The last recession was a significant wake up call, I think that's what spurred that. I think there was specific direction from the council to two City

Manager's ago, directed Del Borgsdorf to create an economic development strategy. We have made a lot of progress but the head winds of the economy and world situation are clear. What we've been able to oemployer in these five years, in addition to the very big things that Kim was talking about, we were bringing jobs back and investment into the community and it was sustainable. We're hoping very much as we roll into this administration we you should know and this is me complimenting him is that we have one of the top strategists in the United States. When this information is shown to national leaders, it's shown to other regional leaders. As much as sometimes we don't, because we're in the moment and struggling hard with our own problems we don't realize that others look at this and say, this is the right direction, this is what we should emulate. So we are a leader, in terms of economic thinking, and economic strategy development.

>> Thank you, Paul. I want to thank John also because since the very beginning, he has been an intellectual sounding board and mentor for this. There were strategies that were previewed through John.

>> Councilmember Pyle: I have a pretty smart group here. That's for sure. I appreciate that. I'm sure we have lots of comments and Rose is going to kick it off.

>> Councilmember Herrera: Thank you, chair. I'm always amazed with economic development, the small amount of folks what you're able to accomplish and we are very fortunate to have you Kim and strategic thinking is something that is prized in companies and obviously prized, very prized here in the city because it helps us plan, put a plan together to know that we can achieve the goal. This is really great work that you've done and I think working at this progress, and progress and feedback from people in the community, from residents and businesses that are really paying attention to this, I think it's really great. And I think that we need to continue this and continue to turn to our partners to get input, obviously, so that we can continue to tune in vision. Because of the rapid change that's happening, I think it's really, you know, important that we continue to stay focused and get feedback and as we move forward. I was wondering if you can share any lessons you've learned along the way in putting this new strategy together, versus the past.

>> I think one of the lessons was really an implementation lesson. It can be a great thing to have a beautiful strategy. But the key is to see it through, through implementation. I would encourage us to do what we did last time, and that is, adopt a strategy but with it have a 12- to 18-month work plan where council and staff set some clear priorities about what should be done and what can be done. And then have regular reviews of that and have a discipline to the implementation. I think that's why we accomplished so much of what we did the last five years and would I do it the same way again.

>> Paul Krutko: So from a framework perspective we see the strategy itself nesting inside the 2040 update. That's the big future. Five years is where we think we can get to in terms of near term, and advancing 2040. But we think as Kim pointed out we would be coming back to you maybe as early as in the next 60 days or so with some tactical plan about some specific things we could be doing now that would spur growth. And I know there's been conversation with various council offices, with our staff, I know the mayor's staff has been engaged in that teen of situation what can we do right now? You recall last time we basically developed the special tenant improvement program, we developed the industrial tools program. We did some things with crimp and building structure tax to incent activity. So we're, in addition to this strategy rollout, we think in the next 30 to 60 days we'll be bringing forward to council some specific things we can do right now that will maybe cause people to hire, maybe cause people to make an investment in San JosÈ as compared to someplace else. Because I think we were pretty successful last time, again, the global recession, then kind of knocked some of the wind out of our sails. But we were leading out of the last recession. The goal we had last time was if there was going to be a job created in the valley we were going to get some of the first jobs, not the last jobs. And so that's sort of what we think's important and we'll be coming back with that soon.

>> Councilmember Herrera: Thank you, Paul. I was going to say I think that's the most important thing we can focus on in the near term is do everything we can to create jobs, right away. Thank you.

>> Councilmember Pyle: Sam.

>> Councilmember Liccardo: Thanks Nancy. I was really thinking quite a bit over the last couple months about what you identify is a key demographic factor that we're facing over the next few decades. The 35 to 55 age group

which is or the of the peanut butter and jelly switch shrinking enormously, and it raises in my mind you know whether you are at a fork in the road, you could try to do everything you can to sort of buck the national trend and see how you can attract those attract those folks or you can go with the flow and try to exploit the talents of people who are younger and older, and make that you know your winning employment base. And I'm just kind of curious, is there a choice that's been made in this document?

>> I think there's a bias and it comes from what our expert advisors who are demographers say, and what they say is, you really can't fight demographics. That these trends ever just so big and they are affecting everyone that they want to say, make hay of the fact that you have a young growing adult population, at the margin, maybe trying to attract some of those san JosÉ will have a very large family age working age, at the margin it's smaller bit it is still very large it is still going to be important. Then all those seniors they represent economic opportunity I think as well as we focused on the cost and how are we going to service them and support them. But I think if done right they represent economic opportunity for us also. Many of them are going to have strong incomes and are going to need services of all sorts. That's my professional bias, but I actually check that by working with Steve Levy's of the world and they agree that you really can't fight these forces. The key is to understand them and harness them to your advantage.

>> Councilmember Liccardo: That's good insight, thank you. I was intrigued by the inclusion of number 3. Under the strategic goals. To regain jobs and revenue, a set of goals, and that relates to preserving and strengthening manufacturing. And I think I understand where this comes from, from the standpoint of trying to counter the hourglass economy, that we know as persisted with the disintegration of the manufacturing base, not just here but everywhere in this country. I guess it comes back to a similar thing we just discussed which I know that we have recently had some success getting some small solar ventures going, which is the first new manufacturing we've seen in this valley probably in a couple of decades. But is it worth our marginal energies trying to buck that trend to build manufacturing or should we simply be riding a different horse?

>> I think it's essential to be able to accommodate the manufacturing that wants to happen here. We are still 70% of our economy is manufacturing, it is double what California is and double the nation. So Silicon Valley is inherent a manager economy. We did a focus group with the Monterey corridor and industrial businesses, with actually, Mayor Reed and Councilmember Nguyen's council office has pulled together. It was fascinating. About half of the businesses that showed up were clean tech businesses. Many moved here for the Green Vision and because this is the only kind of land in practically all of Northern California that was zoned and they could be accommodated and the transportation nexus makes it a very efficient place for them to be. These are places, one of them would venture back and had a link to a Stanford professor who is an international expert on green building. Some of these business they are not what you think they are. They are in growth industries. If we can accommodate them here we have a leg-up on these industries and get these good jobs that our people really need. That's a little bit of the thinking behind that.

>> Councilmember Liccardo: Okay. Thank you for that. Finally you mentioned venture. I know Paul mentioned building relationships with Perkins and other folks. Certainly the axiom for all outreach, is there's never enough, never enough seats at the table for everyone. Obviously you've got a superstar group of expert advisors. But it seems as though the VC community wasn't on this panel. And I'm wondering to what extent are we really engaged with them as we're formulating this.

>> I mean that's an interesting observation. I think we probably should have put them on. I think with Kliner Perkins in particular we have a very good relationship. As a matter of fact they were here with us last week when Brian McGowan was here, are certainly an informal sounding board for us on clean tech and other opportunities. So I think you're right, they should be among our expert advisors. Them and others.

>> Paul Krutko: I think it was a task that we took, over the first part of the period, because I date myself when I got here from 2002, was -- that we kinds of -- the approach we took to them was, well, how can we get you to locate office in San JosÉ and how can -- you know that was sort of the thinking. And I think what you're asking is slightly different which is how do we tap them to help us make sure we're focusing on the right kinds of companies, and --

>> Councilmember Liccardo: And industries.

>> Paul Krutko: And industries.

>> Councilmember Liccardo: Yeah.

>> Paul Krutko: And not so much worry about the other because quite frankly they're going to stay up on sand hill road. And what we are hearing from Kliner it is not as easy to stick them in redwood shores as it was before. They need space. You know, the first, the opening the door to Kliner was really some of the work we're doing at the plant with alternative energy kinds of things. You're asking it's a slightly different take about being engaged with them. We've also -- we've turned our face regionally, Lenny has been the chair of the economic council, we are getting more engaged with the broader Bay Area than I think San Jos  has ever been in the past and I think that will help us make sure we're in the right place, as well. Because what we really believe sincerely is it's the Bay Area competing against Shanghai, it's not San Jos  competing against San Francisco. And we need to be thinking that way to advance all their whole region's potential because we'll benefits from that. On the margins when we've got to compete for a particular building or projects or company, we'll get into that game but at the end of the day, it's more important that the investment be made in the Silicon Valley or the South Bay or the Bay Area than it be made in Austin, Texas. So --

>> Councilmember Liccardo: Thanks, pall, I appreciate that. If there's a formal opportunity to get this document in front of some VCs because it seems to me that it's tempting for a lot of -- I think we all get captivated by the convectional wisdom and all the thinking and those folks who are putting their money out there are probably the best truth-testers of the future and be really interested in what they have to say. I just want to say thank you for the great work, thank you John, thank you Kim, I think we have a fantastic economic development team, we're fortunately to have them with us.

>> Councilmember Pyle: Are you ready?

>> Councilmember Kalra: I'll second Sam's comments, I'll thank Kim and John for putting this together and Paul for your assistance in doing so. It's no doubt that economic development really touches everything we want to do as a city, for the future and so I think it's really important to have this kind of plan put forth. I'm glad that Steve's been doing the for several years now. In regard I think somewhat all appropriate goals, I see it a little bit different with the manager, again, I see it as one of 12 goals of goals laid out, but particularly when it comes to specialized manufacturing, someone mentioned solar. Whether it's here or in Fremont or somewhere else we want to try to get it here as much as possible. And I've certainly seen, in some of the companies in Edenvale, some growth, some contractors, especially defense contractors, now the opportunities that may present itself in the future with the biocenter, I know there were talks about synergy being created there. So I certainly appreciate that. And as well as the notion that successful local small businesses can always be challenging and sometimes it's much more tempting and we put more energy in bet getting wig players small businesses. So anything that as council office we can do to help because I know that the resources are thin and oftentimes we have the ability to at least be out in the community and work with the local companies, whether it be a tech company or a restaurant, what have you. In regards to increasing San Jos 's influence I know that we talked a lot about trying to get the -- get in the national -- well, just to get in the conversation, I guess you could say. And I appreciate the comment, of kind of the Bay Area versus Shanghai or other places in the world. But it does come down to the Bay Area. I see your major competition or just cities that are right around us. And those are the ones that from the immediate neighbors to San Francisco, Oakland and what have you. So I really think that there should be a strong effort to market to the region. Especially, when some of these companies as they're growing are looking to grow but not necessarily the Bay Area. And I've just had the opportunity to help give a tour of some facilities in Edenvale to a company that's looking for different sites around the Bay Area. And I think we're going to see more and more of that particularly in some of the emerging companies, like solar, they may want to do some manufacturing. They're going to want and need to keep some of it local, so I think there's a need to mark, whenever I had the opportunity to talk to companies that are located outside of San Jos  whether they're Santa Clara or Fremont or anywhere else in the Bay Area they don't seem to know what San Jos  has to offer and the benefits and the attraction of San Jos . What we can do better than some of the smaller cities, what we can leverage, putting our weight behind some of the efforts to get grants or so on. That doesn't even speak to the redevelopment agency opportunities that we can find through the redevelopment agency. I think that especially as we come out of this economy at least in my estimation that may be as or more important that be trying to get a national international

stamp at this time. We can still do that and I've always been supportive of that but the opportunities of low hang fruit may be regionally in competing with our neighboring cities, if the companies are going to stay here and grow here, we've all talked about kept our burden on the housing and it would be nice for us to try to get some of those jobs numbers even if it's from some of the neighboring cities because they certainly had no problem taking companies from us when that opportunity presents itself. On number 7, prepare all residents on the means of economic opportunity I guess looking at it now, that's what it appears now, it could be a little more direct to say some. With I say prepare all residents to participate and I think certainly when you mention education in there I think it has a little different gives us a little different flavor than just how it reads and so I don't know, if it's just a -- and it's something that can be changed to reflect that or you feel there's a need with that, I'm fine with that but if there's a way that you can --

>> I totally agree, you can add something K-12 or the --

>> Councilmember Kalra: Something that reflects really what you're getting at is the education of the workforce and our residents, if they can get jobs to people in our own backyard. And then the last couple comments, one, the last comment on the strategic goals I really like the focuses on creating the Silicon Valley city center and the reference to what folks I think are saying more than anything else, you know, we can do all, you know, throw out all the bells and whistles and what have you but until people really start to feel a sense of a vibrant environment and start talking to themselves, that's the same way the downtown over the years and particularly a decade or more in the making kind of a reputation of kind of not the place where people want to go and wanted to live and it's changed because of people have been talking about it in a positive way. Obviously there's not a lot of work that's gone into it over the last couple of decades from city leadership and the city management that has created that opportunity to exist but it all begins and ends with you know with the kind of environment that we provided to the people and how they see it and I do agree, I think that even in my experience, it really seems people are taking a different look and have a different stewed about San JosÉ. Particularly the yumer generations that are seeing us as a vibrant place not for business but to socialize and to live, which is great. And finally on the implementation principles I really like the concept of employees are customers. That's certainly the attitude I've taken as an elected official and also the concept of economic development as a citywide business. Everything we do we have to keep in mind the impression it leaves. I'll just leave that on the comment, that each city council person is an ambassador for the City of San JosÉ. I think that's so true. It can take one experience to leave a good or bad impression on someone. And so you know, I'm thankful to say for the most part I get positive feedback on our employees and the relationships and kind of the experiences people have. But I think that that message should certainly continue to be reiterated with our workforce, that all of us whether you're a elected official or someone working on the park or the library, we all are representing the city and leave that impression. I think the more we can start off working in that sense the better it'll be and so I really appreciate that specifically in being there for the port.

>> Councilmember Pyle: Such good comments. I'm really very happy with this. One of the things I would like to say is a big believer in trend. One trend that does fit with number 3 which is preserving and strengthening manufacturing is the let down on the part of the state. And I see the manufacturing as a way of growing out of our dependence on the state for our future. Obviously, the state has not any reliable sources of income, I mean, we have sales tax and property taxes, and if things go down, so do they. What reliable forms do we have. So as a city if we can draw out of this more quickly than maybe others, manufacturing is one ever those ways to make that happen. Because there would be a more reliable way to go. And of all the talk shows that I've listened to for the last month, all of them are saying, there's not enough confidence in what's happening for people who could employ more people, to do so. So opening up one door, where people are saying, wow, great! We can do manufacturing here, many of found it to be in the long run a better, more effective way to go, because they've had some negative experiences with some of the overseas manufacturing. So I would very strongly urge that to be included. And thank you. This is a great job. I would just like to add one more thing. There are a lot of, maybe they'd hate me for saying this, but there is a lot of retired CEOs out there that are just itching to do something, to be somehow involved. And at least sharing their ideas, and so I heartily welcome any kind of get-togethers even if we double up on districts so that you know it didn't have to be quite as tough or make an invitation to come down here for people that are interested in hearing about some these things so that you're not traveling all over the place. I think there -- we could find enough people that would be very, very interested, in coming and hearing what you have to say.

>> My goal would be to put together a presentation that any number of us could give and could take out into the community in the next several months.

>> Councilmember Pyle: Great, good job. We do have one card on this subject. I promised I wouldn't forget. And here is David.

>> David Wall: Good afternoon. After signature through this presentation, I feel I have seen a variation of the titanic. Whereas, the staff members are at least ankle deep on the deck, in frozen water, when there they're really at hip-depth. You're relying on experts to say, where is my life boat in relation to the funding and their program. The models contained herein are old models. The same models that Councilmember Pyle indirectly mentioned is no support from the state of California. Every state in the country is using these types of models to gain whatever businesses there are out there. When the City of San JosÉ should be doing something new, in consolidating its organization, focus being on investment and infrastructure and waiting for businesses to come here. The other incentives you could be doing is look at what costs families, how the city could take over the city schools, provide schools from 7:00 in the morning to 7:00 at night with proper food, free food incentives new models of thinking. I set through this Levy presentation and I walked away with it, with the notion that you could gain everything that man had to say by watching approximately two and a half minutes of CNBC, and maybe 30 seconds of one of your foreign national TV stations. So I'm not impressed. Furthermore, it indicates another flaw in how the City of San JosÉ operates. You need to change your city charter. Because if you changed section 411 of the city charter, you could eliminate the Office of Economic Development in its entirety, form direct relationships with city departments, and hire your own experts. After all, in theory, that's what the taxpayers did by electing you. Lastly, the business model also fails to attract what is predominantly will happen here in the Bay Area. Finance, high finance, and banking. It's a gateway to the United States. Wall Street, for the most part is a dead entity. Recreating a Wall Street model, although hybridized on the West Coast is where the money will come from Asia. And in Shanghai, I doubt that you would command the salary you do now, there. In my opinion.

>> Councilmember Pyle: Thank you, David. I'm ready now for a motion to approve.

>> Councilmember Liccardo: Motion to approve.

>> Councilmember Herrera: Second.

>> Councilmember Pyle: All those in favor? Aye, that has approved unanimously. Thank you for a great report. We appreciate it. We're ready to move on to the special events fees. The city monuments policy was renumbered C 3, so we're obviously going to skip over that. Carey Hapner. .

>> Start this presentation off, start the presentation. This was an issue that was actually first brought to our attention last February with a very thoughtful letter that was written to a group of major downtown event producers to the City Manager. And so we decided that's time, and that was sort of in the context of the '09-10 budget but identifying the issue of what we framed together as high, rising uncertain costs, and a number of other issues, we decided that this has so many players to it, that it really required some dialogue. So over the course of the spring and the summer we brought together the five or six departments involved with us, the multiple event producers who represent different types of events, we've also had some interaction with the arts commission to try to divine the problem which has many different elements and to identify a range of potential solutions. So we were actually very happy to receive your direction with your memo in March from Councilmember Liccardo, and Councilmember Pyle. So what we'd like to do today is to provide you with an update on the results of those conversations and just want you to know that we are very committed to moving a certain set of improvements forward over the next several months. Some things that the City Manager can do as chief executive of the city and other things to bring to council with your support. I would like to introduce Tammy Turnised, and Carey Adams Hapner, a manager of culturally affairs.

>> Councilmember Pyle: Tammy before you begin, I'd like to remind the members of the audience you if any of you would like to speak to this subject, you need to fill out a yellow card. Tammy take it away.

>> Thank you very much. I would like to mention that we are joined by many our colleagues from city departments. participate in these conversations. I'll start off with giving you an overview of the special events. In

fiscal year '08-'09 inside the office of cultural affairs, we coordinated 427 events and that was over 1 much 67 million event attendees. Even car sales. The office of cultural affairs serves as a one stop shop. What we do is coordinate the services needed foster an event including like fire, Department of Transportation, police, the internal clients as well as the external clients such as VTA, and the county of Santa Clara. We also assure that community outreach is done for our communities that are affected by outdoor special events. The benefits of outdoor special events they bring a vibrancy to the city, they showcase our cultural richness and they contribute to the economic prosperity. An example of total economic impact. For the jazz festival it was estimated by 10.8 million by sports economics in 2007 and some like the rock 'n' roll half marathon was something like 16.4 million. What I'd like to do is talk to you a little bit about what sets the parameters for youth door special events, council policy 5-2, what this council policy does is it sets conditions for which events will be funded and conducted. It requires cost recovery for events and it outline the on duty fire inspectors. We have labor agreements. These are really the requirements for fire, police, D.O.T, specifying overtime and minimum call back times. We also have a municipality which establishes the requirements for membership and public properties. Operational procedures and requirements for any event production and then finally we have other things such as the national fire code which has jurisdiction over how we conduct outdoor special events. The fees for outdoor special events include the office of cultural affairs for paseos and precise permits for street closures and for parades and alcohol beverage control. Pyrotechnics and for inspections and plan review. Transportation is permits for tow zones, Parks, Recreation, and Neighborhood Services, permits for park use and general services he fees for equipment installation. These departments also have hourly staff fees for events support associated with them. The process we have for addressing concerns, as Kim mentioned we high rising and uncertain city services and permit costs for the production of outdoor events. We embarked an process for dialogue meetings with the event organizers and the department representatives. advisory committee and we have been benchmarking with other cities as well as conducting a five year analysis for event cost. What we obtained from these meetings and investigations are key four categories containing cost revenue generation, educational on best practices and physical infrastructure. Some of the items under containing cost would include how we charge for staff time, charging for fringe and overhead, the approach to traffic. We use secondary employment unit officers currently but there might be a different approach that could be done for that. Approach to staff schedules such as a flexible schedule to where events are actually conducted during evenings and weekends. Flexible signage plan for some of the events that are held at like San Pedro square. Sofa district, flexible signage plan so you don't have to pay for additional signage every time. The identification of policy roles and requirements. A better understanding of traffic enforcement and ABC oversight such as the staggered police schedule whenever event is based on crowd, whenever the crowd is going to come in, the maximum crowd that would come in for an event. We also want to design events for cost. The jazz festival, the cost went up because that was a gating requirement for equipment closures of street et cetera. We also broke its down to revenue generation and we're recommending a suspension of the 5% gate fee which is collected for events that have a ticket and are gated on public property. We want to increase the limit on ticket price which allows right now we're currently at \$15 per person per attendee. We'd like to investigate increasing that to give the event organizers an opportunity to increase their revenues. Consideration to increase the number of vendor booths in plaza de Cesar Chavez park. And our approach to coordination requirements, so that we have a footprint for some of the areas such as sofa and San Pedro square, that have a straightforward footprint that's cost effective and makes an attractive location to hold an event. We also went into a little bit of educational best practices which included a collaborative effort called the outdoor event planning tips from our event organizers as well as from our departments on how to conduct an event most cost effectively. And one of the areas that we got into was physical infrastructure such as the installation of electrical into the sofa area and to San Pedro square, pretty much specific to that. But we did talk a little bit about structural ways to improve. At this point I'd like to go into our next steps. And it is important to note that further accordance and refinement with respective departments, the budget office, city attorney's office and commission is required, however the following categories appear to be the most meaningful and achievable in preparation for the upcoming event season. And in the category of cost reduction, we're looking -- if we could start up a pilot program to evaluate the deployment of D.O.T.'s park, traffic and control officers in combination with the secondary employment unit to maintain street closures. We'd like to review the permits for events on private and public property to allow for more flexible approach and fee schedules such as a series permit for private property. We have a series permit in parks and also with our paseos and we'd like to look at that. Explore for-profit versus nonprofit and standardize the event process for defined downtown event venues such as sofa and San Pedro square. event organizers another area we are looking at is revenue generation. As I mentioned earlier we would recommend a suspension of the 5% gate fee. Currently the 5% gate fee goes to fund the festival and grants and one we would recommend suspending for this fiscal year and 2010-11 and 11-12 to assist the event

organizers. Gated events and we'd like to review outdoor event policies and guidelines mainly in parks and also in private property for revenue generation opportunities, especially for the vendor booths. And plaza did he Cesar Chavez plaza. We are scheduled to return to the CCDE committee in March, and at this time we'd like to secure your support.

>> Councilmember Pyle: You got a lot of words in, in a very short period of time. Very impressive. Thank you, Tammy. We're going to start with Sam.

>> Councilmember Liccardo: Thank you, Madam Chair. I wanted to first of all thank you, Tammy and thank you all at ACA staff, everyone who has been working so hard on this for many months. I know we weighed in on this so formally while you were I recognize that you've been fighting an ongoing battle within the bureaucracy to try to be able to facilitate a lot of these events. And to try to ensure that event producers can put on an event with a reasonable cost. But I also recognize that no bureaucracy is a monolith and is often sort of hashed out within the bureaucracy and what I thought it would be important for us to do as councilmembers is to get in early in the dialogue and to weigh in to say this is something we really think is a priority, and I am grateful that Madam Chair joined me in this memo to say that. In any event thank you very much. Are I know there are folks here who have been long involved in this effort to try and create some vibrancy in our city and I look forward to what they have to say. Thank you.

>> Councilmember Herrera: Thank you, chair. I just want to say how much I appreciate the chair, and Councilmember Liccardo, for putting the memo together. I think this is very important and the points they made about the value of these events to the city of economic development vibrancy and I appreciate the work you have done in bringing this together and to look at the possible ways to reduce costs and to continue these festivals and look at revenue generation and all that. I wanted to add sort of another observation. A lot of the focus has sort of been on the downtown. It should be, obviously very large festivals. This also affects the neighborhoods too. I know in district 8 we have continuous events and kind of the same motivation, bringing more vibrancy to retail centers that may be lacking sales at this time because of the economy. The same kinds of motivation that exists downtown, exists in the neighborhoods too. Unfortunately, if these fees become too onerous, these groups are ad hoc groups that just come together without a lot of funding, it becomes too difficult and they stop doing the events. So I'm really appreciative that we're going to look at ways to be a little bit more flexible to help these communities. And I hope especially in case where they're doing repeated events, I think you talked about a series permit, I think that's a great idea of looking at that so they can continue with these ongoing events so they don't have to be too worried about the pieces .

>> Councilmember Kalra: Thank you, Tammy and Carey, for the work you've done, I want to follow up on the comment Councilmember Herrera made in regards to the neighborhood events. I think cereal, the work that Councilmember Liccardo and talking to some of the downtown event organizers and I know your office has as well, are incredibly important, but in a citywide perspective some of the neighborhood events, sometimes very small events, and yet have very onerous fees or even just onerous red tape, to cut through. And I think it speaks to the comments from the previous presentation about being ambassadors for our customers, our employers and our residents. And sometimes leaves a very bad taste in the mouth of some really good community leaders, neighborhood folks that just want to do something positive and they get threatened with it being shut down. There are ways that we can go about it which is fair, which doesn't assess unfair, unreasonable or unnecessary costs and so I'm glad that this is going forward and that you put the work into it and it looks like we're heading in the direction where you know we can certainly encourage that type of neighborhood activity which especially I think in the economic climate we're in where the city or other private entities don't have the resources to put on festivals as much as they like or as large as they like and oftentimes the neighborhoods that are taking on the responsibility of doing these community lifting events. And so whatever we can do to help cooperate with the neighborhoods and team with them I think is certainly helpful and I think this goes a long way in doing that so thank you.

>> Councilmember Pyle: Hi, I just wanted to say that sometimes in the smaller district communities, first of all a lack of information and secondly surprise gets the best of us. I'll give you an example. Recently a lady in my district wanted to put on an event to help the school. They raised \$3,000. Of the \$3,000, they owed \$813. Which is sort of usurous. I'd like to have you take a look at -- we'll e-mail you some things that we do to try to keep costs down. It may be that they'll restructure the way they want to go about it but doing it and then getting charged is

obviously not working. So however we can reconfigure the whole process, would probably be in our best interests. And then, of course, there's a lot of complaining, understandably, and grumbling and the schools don't get the money that they need which of course we all understand at this point. That's my input. I appreciate what you're doing and I think with a modicum of effort we could reconfigure some of these and have a lot better program. That's a lot of events in you look at them that way.

>> 427.

>> Councilmember Pyle: 427. 42.7 in 10 districts. That's a lot.

>> Absolutely . Just as an interesting fact, our increase for the events been up, we had in 07-08 we had -- previously we had about 375 and then it went up to 425, approximately. So our increase, which is kind of counterintuitive given the economy but actually the increase in the demand for special events have gone up.

>> Councilmember Pyle: I like the idea of using the same signage every year, they don't have to reinvent the wheel and it's better for the environment, let's face it. That idea makes tremendous sense. Anything of that sort that would keep those costs down would be probably in all of our best interests.

>> And to follow up on your comment about the way to notify -- to notify them to how they could effectively do an event, the outdoor planning tips on the Website currently which we just want to do a better job of promoting it, it really has some good tips that were shared by the departments and the event organizers that were proven true to be able to cut down on costs.

>> Councilmember Pyle: Well I'll put that any my next newsletter. All right, did you have another thought?

>> Councilmember Herrera: I just had another question or maybe a suggestion. If it hasn't already been done I think it might be a good idea as we go through this process of sort of outreach and finding out about folks doing events. If we could have meetings with folks wanting to do events in neighborhoods. They're a little bit different in character than some of the larger events, maybe there were some things we hadn't even thought about in terms of working with them. One of the things someone brought to my attention is, inspections that are done after an event is held, and the cost associated with that I think to the city, I don't know if that's being passed on to the event organizers, but in one case, there was an event where the inspection couldn't be hemmed until Monday. Venue during the weekend, kind of venue, cleanliness or whatever held, this particular organizer offered to give pictures to show, you know, that the site was left clean. But there was an insistence that there had to be an inspection. save staff time. That was just one example. If we could have outreach with some of these smaller event organizers, that would be a good deal. Thank you.

>> Councilmember Pyle: We have one -- sorry we have several, David Wall after David Amy Anderson, after her, I'm having a little trouble reading the writing. Bruce, are you there Bruce?

>> Councilmember Liccardo: Yeah, he's there,.

>> Councilmember Pyle: Okay, David.

>> David Wall: This is another area in which new models of doing business needs to be created. Predominantly, once again, I assert for section 411 as a city charter and its modification, would allow your independent staffs to do this work. Within your staffs you have some of the finest talented administrators that go unnoticed every day except by yourselves and even to a point you take it for granted. The problem with California owned businesses, bankruptcy for example you would no longer have the luxury of having suborganizations within an organization. In other words, the City of San JosÉ has too many redundant systems. This is not taking away from anyone's talent in a subportion of the organization. But you have to make definitive decisions. Either your staff goes, somebody goes. The mayor's staff, for example, is well-tuned for this type application, as far as integrating all city departments and focusing in on these fees. And not one word, have I seen mention the auditor's look, the office of the auditor in conjunction with finance and the attorney's office to construct the new model and fund constructs to fund this type problem. Because garbage, I mean, district 3 is the standard for garbage. Sorry Sam, it is. And to waive those fees, people don't pick up their own garbage in the neighborhood, for the most part. They're not going

to be picking up garbage after an event, just as an example. I know that any of you would not tolerate any lax of Public Safety, being it fire marshals, fire inspections, police. But this is another idea where the police department should actually control all of these events from an organizational standpoint, because they're very good at this with the help of the attorney's office and auditor's office and finance are the appropriate regulatory constructs and fund constructs. From the Office of Economic Development it is my opinion you can't support them anymore, they are unsustainable.

>> Councilmember Pyle: Thank you, David. We are ready for Amy, and Chris Bruce and Ray Esparza.

>> Thank you, just wanted to -- I represent the downtown association and we put on numerous events. And we did try to get input from a lot of different types of events, I know Sam outreached from a lot of other events from Bequesto park to all over the city. I agree that a lot of these issues that we've brought up are affecting the smaller events almost more so than the larger events. We produce smaller events on the scale of sofa south first Fridays, to music in the park and the downtown ice rink. We have found over the years that as the economic downturn's happening, city costs, redevelopment costs are pretty much going away for events in this upcoming year. How can we kind of revamp our internal revenue generating and how we're doing events to still make them viable to even have them as the so America effectively went away. In looking for that, we were looking for solutions right away. I appreciate the efforts that the parks department, Tammy and others have to put emotional ready. I do have a question in some respects it is a what time line we can expect some of these improvements to possibly impact this summer as we're looking at our budgets right now. And we think some of these little things, and they might seem like little items, such as secondary employment for traffic closures and street closures for events, that is 40% of our budget sometimes. If that could go away, we could use train, traffic officers, little things like that could make a huge impact. And we appreciate all of that. We also, as experienced producers that kind of came together to form this, feel that a lot of us do the same events every year. We have a lot of expertise and experience. We know that there have been costs or department reductions, in a lot of the city departments. But sometimes our smaller scale events that are returning may not need a lot of meetings, may not need as much staff time from the city. We can kind of serve as ambassadors and we kind of did that as these best practices that we put in place. So we hope that that helps as well. I think we all are willing to help the smaller events also with that process.

>> Councilmember Pyle: Thank you, Amy and Bruce, would you never have passed my penmanship class when I was a fifth grade teacher.

>> That's not the first time I've had that problem. Bruce Lavity. I did my first event in 1976 in San JosÉ the bicentennial and I've been working here ever since. I'm involved in the Jazz Festival, Music in the park, ZeroOne and Rock 'n Roll half marathon many big time problems and I really appreciate the help of the City Manager's office and Carey and Tammy and Kim and Sam's office in trying to identify the problems and trying to figure out solutions to the problems. We -- now that first street is looking pretty nice, sofa district, the San JosÉ jazz wants to put on concerts there, in the evenings, in the summer, maybe twice a month. We're looking at the cost and without these changes it's going to cost us \$5,000 every time we close the street. That's not just the DOS for the city but most of it is, about \$5,000 for the stage in there. Very expensive. I've done the subzero, I know what these cost we want to push hard and activate downtown San JosÉ. When we take over first street we'll move to San Pedro square and start doing events there. I don't know, I work in some other cities, I'm lucky to work in some other cities and I want to acknowledge that the office of cultural affairs is a real gem. They help us with problems that might come up, when we want to do, ZeroOne is almost all unusual. .

>> Councilmember Pyle: You would have gotten an A in enthusiasm, though. [laughter]

>> Councilmember Pyle: Now we're ready for our last speaker, Chris Esparza.

>> Hello, thank you very much. I want to also thank the office cultural affairs and Sam's office. And I find myself -- I work a lot if other parts of the Bay Area in San Francisco and Pinole and I constantly catch myself, saying you know how the City of San JosÉ does its, it is because of the office of cultural affairs and their efforts is very thoughtful and I find that it causes a lot less of a clash down the road when everyone's included in the pass so on that level, it's fantastic. I applaud what you guys are doing because fees are going up and I fear that San JosÉ will become a place in the sense of economic development for events I fear that we will kind of close the door, make it

very difficult for those kind of unique boutique events to start here and grow here. By having the fees too high and it being you know a very cumbersome process and it's moving away from that, it's going in the right direction. So I want to thank you for that. I would say, too, in the future another step, I think forward for this, I produce a variety of events so some of them from bark in the park to winter wonder land to outdoor cinemas to left coast live. But there is -- I think there is a next step for us in the city to think about not having flat fees, to look at events that the city really want to see encourage and grow instead of pepper the ground to help them flourish. Some examples would be events that are low impact, events that maybe really push a good transportation, bikes and light remains, events that may not have alcohol, those are on the same footing currently with events that do. They pay the same fee. So I just -- I think our next step as a city is to look at this kind of -- to treat events that we want to see flourish and come to this town and feel welcome here, to make that -- make that set of fees, and efforts, to the easier than, say, the regular way we've been doing business. So thank you.

>> Councilmember Pyle: Thank you, Chris and thanks to all of you who took the time and effort to be here today. We like to hear your thoughts. And with that I'm looking for a -- I'm sorry.

>> Councilmember Liccardo: Jump in with one last question.

>> Councilmember Pyle: Sure.

>> Councilmember Liccardo: Really wanted to follow up with a question that was raised by Amy. On question of timing. Some decisions are being made as to whether or not some summer events will even go forward. Do we have an economic package and are we ready to come out with it?

>> Let me try to answer that, Councilmember Liccardo. We have listed the ones we think are feasible that we think we can get to, MOA, negotiation, whenever you G.O. get into the fringe and overhead, you have some of the requirements of the call back and overtime. It gets pretty intensive for that too move forward. What we did is we listed the ones that we really thought we could embrace right away. Mike may want to speak to this, park side, he may be better give an ETA. We felt these may be able to go forward. Now under the next steps under cost reduction, you see ways to investigate fire challenging because it is a very deep layered situation. However, overrule, we're trying to figure out how are we charging for event costs, fringe, overhead, is it absences, sit paid overtime? We have to talk to the City Attorney's office on how fire inspections are done. We felt that whenever we came back on slide number seven those are the ones that we could try to make happen. Joe Garcia may choose to speak to the parking control and officer model. Again we want to test that model out, gets something that complements secondary economic unit, also what Amy wants to achieve and what we want to achieve as an organization. We need to think through this fairly methodically. .

>> Councilmember Liccardo: We'd like to believe all that's going to be in place 50 spring?

>> That is our goal with the exception of the fire inspector costs and the pilot program, we will have it -- we will identify hopefully, Joe let me know some pilot programs that we can institute Pacific, traffic and control officers.

>> As I said, the whole issue of the fire inspector cost is integrated in the budget discussions that are coming up. That's probably the one that has the tightest link and with the reality check, the 96 million deficit, council has directed that one-third has come from increase fees and that is why we have to have a lot of collaboration and coordinated approach here and you need to be aware of some of the tradeoffs as the budget moves forward. The rate for the significantly different than what is charge for other city staff for some understandable reasons.

>> Councilmember Liccardo: Okay, I'm certainly cognizant that budget is the elephant in the room here.

>> Paul Krutko: I think Chris's point is a good one and I think at some point I think the council's going to have to have a sort of values conversation about what you want to accomplish. The administration's been put on a path to recover costs and some us, some of us are pretty expensive. As we pointed out in this meeting. I don't work on events, though. But the point is that, as we look at new business models, it's sort of of the conversation I have had with you, several times, about live music. We tend to go down a cost recovery regulatory past as opposed to saying, well, this is what we really want and we want to invest some dollars in that. But in a dull budget time that's sort of the -- difficult budget time that's sort of the conversation that has to be had I don't want to open up a can of

worms here but you know, we may have to as there's been some discussion about sorts of funding sources that are nongeneral Fund and how they're used we may want to revisit sort of what is it that we're funding with the T.O.T. that goes the one and a half% that goes to the arts programs.

>> Councilmember Liccardo: Right.

>> Paul Krutko: I review and sign a lot of those contracts that were spread all over. You -- we may at some point, to council, depending on what's the right forum, may want to revisit that list because we always add new things to the list. We never say jeez, those three are the really important ones, let's fund those because those are the ones that are going to have the most impact. Beyond what Tammy is bringing forward, Kim and Carey are bringing forward, we may want to retee up --

>> Councilmember Liccardo: I understand, that is certainly a larger conversation. What I'm wondering, does it make sense to cross reference this for council consideration, perhaps not meld but in February.

>> Paul Krutko: The committee report is likely to come back after January, we can be specific on the agendas setting to cross-reference it for a date in the future. So --

>> I think our suggestion at least last week had been that we planned to bring this back to you in March with an update. And then anything that would need to go to council I think should be cross referenced for council we could do then.

>> Councilmember Liccardo: Okay.

>> If I may add.

>> Paul Krutko: That would just be a regular agenda item, it wouldn't be a cross-reference.

>> Councilmember Liccardo: Does that give a time for everything we can possibly implement in time for summer? I guess I'm looking a little bit toward our event producers, too. If this goes to council in March does that really give everybody the notice they need?

>> When it goes to council in March or --

>> Councilmember Liccardo: To CED in March, hopefully to council immediately thereafter.

>> That would be okay.

>> Councilmember Liccardo: Great, thank you.

>> Paul Krutko: We'll have to look at that in terms of the draft agenda to make sure that's in that time slot so those are going to Rules now so you could easily fit that into the work plan.

>> If I can make some comments on (inaudible) I think the more significant issues are going to be the (inaudible) so we don't know impact that will require from you or how long that will take. The other item is, in order to change the way that we deal with traffic, right now, Public Safety both fire and police will deal with that, it may be possible to change it to allow transportation people to do that. If you recall back in June you agreed to let flag people take care of construction instead of having police, so that may be -- that would require as we normally do second reading of the ordinance and of the 30 days before it becomes effective. So to the extent that we have a better sense what we want to do with that meeting code modification the better, that way we can quickly start moving on the time lines involved.

>> Councilmember Liccardo: Great.

>> Councilmember Pyle: With that I need a motion to approve. Second? All those in favor? Thank you. That brings us to open forum. We have one person wishing to speak. It's David Wall.

>> David Wall: This is the last meeting of the year, is that correct?

>> Councilmember Pyle: That's correct.

>> David Wall: Then it's safe to say that you have gone more than a year without sustainable money off the water pollution control plant land that is very significant because it gets to the area of a new model of chastisement for nonperformance of councilmembers. Because it is not my authority to be able to do this. You've let this valuable resource go time and time again. 90 acres, for example, you could set aside like you did for that ridiculous Tesla deal for sustainable agriculture, or consumes for their free lunch program all this you could have done. But you have not. So I have to ask your assistance over this next year, in a sustainable model of appropriate chastisement when I don't hold your resources accountable. I mean, that's fair. Now I want you to look at this for one last parting standpoint. This is the front page of the executive summary. There are there are san JosÉ there is no accent on San JosÉ and shouldn't be the office of economic development, accent should be on San JosÉ. And again, the cheesy moniker. San JosÉ is not the capital of Silicon Valley or anything. If anything, Silicon Valley is cliché relating to the failures of the dot-com bust. I assert that you should really consider changing this capital of Silicon Valley business, which is an insult to anybody with intelligence, to go back to what San JosÉ was known for and made its pride, the valley of the heart's delight. That's an umbrella function. The valley of the heart's delight, was predicated on the agricultural gifts that this entire city can still produce. But other delights as the spirit moves you. Then, the new model of chastisement will appear next year, it will appear in the confines, because this is a family show .

>> Councilmember Pyle: Thank you, David. Thank you all. Good ideas there.