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>> Mayor Reed: I'd like to call the meeting so order. This is Rules and Open Government Committee meeting for May 18th. Any change to the agendas order? Nope. First item is the may 24th agenda. Anything on page 1? Page 2 or 3? Page 4 or 5? Item 3.4, the City Manager's fiscal reform plan, probably want to hear it early in the meeting so that we don't lose our quorum. I know Councilmember Constant has to leave at some point in the meeting. So let's hold that and come back and let me look through at what else is on the agenda.

>> Ed Shikada: Mr. Mayor, on 4.2 we also had a request given we are expecting community members to be present to set some form of time certain to the extent we can.

>> Councilmember Oliverio: How about that last item to be heard.

>> Mayor Reed: Let's see what else we have, come back to that. Anything else on page 4 or 5, page 6 or 7? Valley transportation plan 2040, 6.2 is that going to be a staff presentation or VTA presentation or --

>> Ed Shikada: No this is simply a report-out from committee. There was a discussion of projects such that we thought that it would be good for the full council to hear it but no need for a full presentation.

>> Councilmember Oliverio: Are they time sensitive?

>> Ed Shikada: It is not, I don't believe the that -- it is not.

>> Mayor Reed: What do you think about getting it off the agenda to some later agenda?

>> Councilmember Constant: I would support that.

>> Mayor Reed: Let's hold off and look at what else we have. We have the pollution control plant voter assessment. Will take some time, I would guess.

>> Councilmember Oliverio: I have a question going back to page 5, Mr. Mayor. 4.2 seems like a budget action, should that be --

>> Mayor Reed: Related to Mexican heritage plaza, City Manager to negotiate and execute. I don't think we can authorize them to execute it until we've made the budget decision which we won't make for a few more weeks. But we could certainly deal with the report. Business plan.

>> City Attorney Doyle: The agenda item does read, at the bottom, subject to the city council's annual appropriation. So I think it's committed it has to be a budget item, that should be probably made clear.

>> Mayor Reed: But I'm going to resist making budget decisions ahead of the budget system, that's why I would say go negotiate it but until the council has decided to spend the \$600,000.

>> Councilmember Oliverio: So after the budget?

>> Mayor Reed: After the budget has been approved you would come back with an approval of the execution I guess would be the sequence or we could approve it.

>> Councilmember Constant: In the budget message.

>> Mayor Reed: It could be part of the budget message but what I don't want to do is make a decision on Tuesday for \$600,000 before the council has had a chance to look at the whole budget. But this agenda item is within the range of what we need to have on the agenda, correct?

>> City Attorney Doyle: Yes. Are you just deferring authorization to sign an agreement until you go through the budget process and make the appropriation or not make the appropriation.

>> Mayor Reed: So it should be a resolution to negotiate not to execute. We'll still need to come back about the timing of it. Anything else on page 5, on 6 or 7 or 8? We have some requests for additions, we have a excused absences, and proclamation foster care month. Any other requests for additions? We have a memorandum from Councilmember Rocha, which we might as well consider now. Councilmember Rocha is here. If you want to speak to your memo, request to do something in closed session and some other open session items as part of -- that would --

>> Councilmember Rocha: Didn't have anything further to add than what was there. (inaudible) questions. Initially when I sought direction in the original memo but I haven't talked to him since, I had submitted that memo this morning so if he has any thoughts on it.

>> City Attorney Doyle: No I think we can certainly -- what I'd contemplate is being present at the closed session next Tuesday to have a conversation and discuss the analysis. I would also probably bring in outside counsel at that meeting as well and we can then do the assessment at that point, whatever we discuss in open session you know is really up to the council because again it's your privilege. In terms of the legal issues.

>> Councilmember Rocha: Which is why I'd broken it out to council to make that decision.

>> City Attorney Doyle: On the fiscal emergency I think we can talk about what it means and I think we would coordinate with the City Manager's office because I know the finance department is looking at the issue what impacts it would be to bond ratings and things of that sort.

>> Mayor Reed: Right. But the point is Councilmember Rocha can ask these questions from the dais. You're getting a few days warning.

>> I appreciate that.

>> Mayor Reed: This is not a new agenda item it will related to item 3.4. Right?

>> Councilmember Rocha: Yes, that was the intent was to allow staff some time.

>> Mayor Reed: Staff does appreciate a little advance notice. Although they are very good on the spot. Councilmember Oliverio.

>> Councilmember Oliverio: Director just mentioned the councilmember can waive privilege.

>> Mayor Reed: The council.

>> City Attorney Doyle: The council owns the privilege and the council can only waive it.

>> Councilmember Oliverio: Not an individual councilmember, thank you.

>> Councilmember Rocha: Is that a majority vote?

>> City Attorney Doyle: Six or more.

>> Councilmember Rocha: Okay.

>> Mayor Reed: Anything else on the additions?

>> Councilmember Constant: So I just want to be clear. So we're treating this memo as a supplemental for the actual agenda item not as action for the Rules Committee the way it's laid out here?

>> Councilmember Rocha: Yeah there's no direction for action there, it's just for information purposes for staff.

>> Councilmember Constant: Because generally the workload assessments come here. Just wanted to make sure that that's what we're doing, we're sending it as a supplemental to the council item not a Rules Committee issue.

>> Councilmember Rocha: Yes.

>> Mayor Reed: Let me just say in terms of the workload assessment it's cheer that we're going to have to have some lawyers working on these issues. And the City Attorney already has outside counsel, I anticipate we'll have expensive outside counsel as well as the work of the city attorney's office and certainly something we'll need to deal with in the budget with the budget message, is how do we pay for that.

>> Councilmember Rocha: Okay.

>> Mayor Reed: Anything else on the request for additions, et cetera?

>> Councilmember Constant: No, just getting back to the timing.

>> Mayor Reed: Okay.

>> Councilmember Constant: I would recommend that we take item 3.4 first, immediately after the consent agenda. And item 4.2 be noticed as last item on the agenda.

>> Mayor Reed: Okay.

>> Councilmember Constant: So if you're ready for a motion I'll make a motion that we approve the agenda, as amended, with items 3.4 first after consent, 4.2 last on the agenda with the additions that are on our add sheet.

>> Councilmember Oliverio: Second.

>> Mayor Reed: Okay that's a motion. I have one question about the valley transportation plan 2040 and the link of this agenda, not that it's going to get any better as we get into June. But probably the first meeting in June will be lighter than this agenda. If we could kick that transportation plan till then, that's probably a better time to do it.

>> Ed Shikada: Very good.

>> Councilmember Constant: So I'll make that part of the motion, and also making sure that the agenda language that was discussed for 4.2 that was pointed out by the City Attorney, is included.

>> Mayor Reed: Okay. That's the motion. That is motion, all in favor? Opposed? None opposed, that's approved. May 31st draft agenda.

>> Councilmember Constant: Just wanted to make sure we did include that in my motion. We didn't talk about it.

>> Mayor Reed: Oh, I'm sorry. The 2011-12 legislative agenda.

>> Councilmember Constant: I just wanted to make sure that that's explicit, that that's be part of the motion.

>> Mayor Reed: Okay with the seconder?

>> Councilmember Oliverio: That would be fine with me.

>> Mayor Reed: We're all in favor of that. Now to the May 31st agenda. Anything on page 1?

>> City Attorney Doyle: Mr. Mayor, there we noted a 9:00 closed session. We had talked about it last week, maybe either doing a later closed session or an afternoon closed session. I don't think the decision needs to be made today but just to remind the committee.

>> Mayor Reed: Well, what we have on the agenda are the either agreements or council decision about what to do about terms for six -- I don't know if we would need the labor update but we might need a closed session on that.

>> City Attorney Doyle: Yeah, the only thing would be if POA or something deal with some further or new issues. So we can leave it as a place-saver, more than anything else.

>> Mayor Reed: We can leave it on for 9 o'clock, but if we get lucky it's perhaps a little early to know about that.

>> Councilmember Oliverio: I think we could leave it at 10. I have two high school graduations that I want to do in the afternoon. That's my selfishness.

>> Councilmember Constant: We could do it at noon and just running it in to the regular session. I'm good, start any time after 5:00 a.m. on.

>> Mayor Reed: How long does anybody have a guess of how long items 3.2 through 3.7 might take, and if we started at 10:00 could we get it done by noon or then we got to take a lunch break and come back?

>> City Attorney Doyle: I think it's hard to anticipate how many people will be there to talk about the imposition.

>> Mayor Reed: Don't know how long that testimony might go.

>> City Attorney Doyle: I think we may have a better idea next Wednesday, and we can revisit the issue.

>> Mayor Reed: Councilmember Oliverio were you thinking about a 10:00 start? And we just -- we take a lunch break?

>> Councilmember Oliverio: I was just thinking start off 10:00 in closed says and move on through.

>> Mayor Reed: Or start public session at 10:00 if we don't have a closed session?

>> Councilmember Oliverio: That would be fine too.

>> Mayor Reed: Do we have any noticing issues if we take those things earlier in the day rather than later?

>> City Attorney Doyle: I think your rules of procedure are regular meetings commence at the public session at 1:30 and so we might have to do a noticing issue if we decide to go from 10:00 straight on straight through and not begin the public session at 1:30. This is all process.

>> Councilmember Constant: Is this the regular meeting? I thought this was a special meeting.

>> City Attorney Doyle: It's a Tuesday, regular Tuesday, we had cancelled it originally but now we put it back on, we consider it the regular meeting.

>> Dennis Hawkins: We cancelled the cancellation.

>> City Attorney Doyle: You can always change to it a special meeting and have more flexibility.

>> Councilmember Oliverio: Seems like it is a special meeting. The mayor asked to have the cancellation of the regular meeting cancellation.

>> Councilmember Constant: I suggest we notice it as 10:00.

>> Mayor Reed: Is everybody all right by then? We may not be done by noon, take a lunch break, keep moving depending how much testimony we do that.

>> Dennis Hawkins: We can do that, we can bring in lunch for council assuming you'll need to work through.

>> Mayor Reed: Anticipate making a short lunch break, make sure we get it all done that day. That is basically the last chance to get this done to stay in the budget cycle. Okay, so the motion is to notice a special meeting starting at 10:00, with whatever closed session we might need and then going into open session and work until we're done. All in favor? Opposed? None opposed, that's what we'll do. Redevelopment Agency, we have no items for the 24th and none for the 31st. You want to cancel the 24th?

>> Mr. Mayor, that's correct, we'll cancel the 24th. The 31st we had actually reserved until next week but the reality is that that will be the special meeting on the 31st and we're not going to be involved in that. I clearly anticipate that will also be cancelled at next week's Rules.

>> Mayor Reed: Motion?

>> Section.

>> Mayor Reed: All in favor, opposed, none opposed, that's approved. 31st, nothing to talk about. Legislative update would be our next item, State of California, Sacramento update.

>> Betsy Shotwell: Thank you mayor, members of the committee, Betsy Shotwell, Director of Intergovernmental Relations. Yesterday the City Manager highlighted the governor's May revise which was sent out on Monday. Just to recap as I had mentioned previously, more revenues anticipated. The good news still \$10 billion in solutions required, which the governor proposes in his May revise including of course the continued proposal to eliminate redevelopment and closure of state parks, selling off of state buildings, elimination of over 40 boards and commissions, et cetera, putting together an info memo that will be out next week. Long and short of it redevelopment is still on the chopping block. Some tweak to enterprise proposal not necessarily the elimination but going forward and giving credit to future hirees. Still analyzing that hiring potential there but still very

concerned, of course he still continues to push and desire a vote to support the extension of the various taxes to pay for the Public Safety realignment, which would of course pay for COPS money and Public Safety booking fees things of that sort. So that's it. Be happy to answer any questions.

>> Mayor Reed: Any questions on that one? Then the item B, the AB 579, Monning's bill on land use mobile home park attorney's fees.

>> Good afternoon, Kristin Clemons with the Housing Department. In brief, AB 579 has become a two-year bill. This bill would have allowed the city to recoup attorney's fees for defending mobile home ordinances, so we thought it was a good thing. But it is not on the agenda at this point for moving forward so we do not need to address that item.

>> Mayor Reed: We'll just defer that until necessary. And then.

>> AB 1167 by Fong is a bill that would -- is like a bill we supported in 2009 to support the state wide creation of an interagency council on the homeless. We believe this is a good idea. And because programs need to be better orchestrated at the state level, the bill is currently alive in the appropriations committee. We recommend support. Let me add that California is the only large state without such an agency.

>> Mayor Reed: This is modeled on the federal council, that proved to be successful and there's no cost. This one might move through, since there's no cost. I'm not sure there isn't any cost but I could move. On this one I have one request to speak. Mr. Wall, take that now.

>> David Wall: Good afternoon, Your Honors. I don't support AB 1167. I think it's just political pandering by Mr. Fong. I think it lacks substance on a variety of levels. First of all, it fails to identify vagrancy. And there's a lot of vagrants in this city alone, who come here from different jurisdictions just to hang out in this city for a fee handout. It also doesn't address foreign nationals that are in the country illegally and their predictable problems. Thirdly it doesn't fully address there are a lot of mentally ill people out there that need to be taken care

of in appropriate fashion. And so therefore, this whole thing is folderol in the sense that it is political pandering to appease some segment of somewhere, in the voting public. And will do nothing of any sustenance except cost staff time, cause staff time, and undue confusion within large jurisdictions such as San José. The issue of vagrancy and for nationals that are in the country illegally and people that have mental health problems, need to be fully addressed, in their own separate and distinct categories and integrated into a more reformed program to deal with the problem at hand. Thank you.

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

>> Councilmember Oliverio: Motion to approve.

>> Second.

>> One week.

>> Mayor Reed: Put this on the council agenda for next week. All in favor. Opposed, none opposed, that's approved.

>> Betsy Shotwell: Thank you.

>> Mayor Reed: We have boards, excisions and committees, an update on the elections commission's recruitment. City Clerk.

>> Dennis Hawkins: Thank you, Mr. Mayor. On March 15th the council appointed two positions to the elections commission, we still have one vacancy on the elections commission. Our office was charged with reopening the recruitment and reporting back within 90 days. We have completed the recruitment and yielded one additional applicant, and we have two applicants that were previously considered by the council and are interested in being reconsidered. Since we're at the time where I need to either reopen the recruitment or bring those three people

forward, I wanted to get some guidance from the committee. My initial thought is to reopen the recruitment, since you've seen two of the three applicants previously, reopen it for another 60 days and be able to come back to the council following the July recess, and try and fill this one vacancy. But I wanted to get the committee's input on that. So we're at that 90-day.

>> Councilmember Oliverio: I certainly would like to see it reopened for at least 90 days, not 60, and I'd like to see where we are after the budget. Because just Jerry Brown is closing -- the governor is closing 43 boards and commissions, the elections commission may very well be one of those. And I think it's just better to wait.

>> Mayor Reed: And We don't have any election pressures in terms of high work loads for the committee.

>> Dennis Hawkins: That's correct. And we do have four members.

>> Mayor Reed: I think we can take some time to do that, then, and we have a quorum.

>> Dennis Hawkins: We do have a quorum. I'll report back in 90 days then.

>> Mayor Reed: All right. I skipped the public record, item F. We have some requests to speak on the public record, Mr. Wall.

>> David Wall: First turn to item number F. Our friends in the mobile home community will appreciate the fact the attorney will now have the ability to recoup fees for anything, any actions that are raised against them. They still keep complaining about the same thing. Issues and don't receive any type of help from government. Item G, Mr. Mayor, speaks for itself. City employees are coming up to me and asking me if they're worried about their ecopasses being taken away as part of the budget situation and relationship with VTA. I think that this should be looked at by you, and if it is threatened, remove the threat. This goes directly to helping out the environment on a variety of levels, as well as helping city employees fight congestion and whatnot to come to City Hall to park. Item number H, as of yesterday, Mr. Mayor, which I really give you great accolades on the environmental services

department's little program that they tried to pass over on you yesterday, you did a good job. But it should start to give you an idea that you should have no confidence whatsoever in any decision that this command staff at environmental services makes. And this is in relation to all the promotions they're giving away and high level management positions that they're created. In my opinion they're not needed. Item I further underscores the argument that the decision making capability of the command staff at ESD is incompetent and should be completely replaced. These people have had years if not decades to start protecting the storm drains and to this day I don't think even one of them is protected. The issue, too, about the use of sewer service and use charge that shows up again on this environmental innovation center, it's a complete misuse of the sewer service and use charge. We're talking close, over a million dollars, almost 2 million as I recall, it's not an exact amount.

>> Mayor Reed: Sorry, your time is up That includes the comments on the public record. Motion?

>> Councilmember Constant: Motion to note and file.

>> Councilmember Oliverio: Second.

>> Mayor Reed: All in favor, opposed, none opposed, that's approved. Workload summary, approve the drafting of resolution in opposition to AB 1158, carried by Calderon, we have a memo from Vice Mayor Nguyen, Councilmember Kalra, Campos and Liccardo on that. Councilmember Constant.

>> Councilmember Constant: I want to ask a question on process going forwards. When we have different state bills, whether they be assembly bills or senate bills, we have two different ways we've been dealing with them. One is where it comes from Betsy and she has an opportunity to provide us a sheet in the new process that we provided that clearly lists the supporters, the opposers and sort of an informal analysis so to speak, and we simply give instructions so that Roxann can work the capital for us. And then we get others like this, where it's one opinion, not necessarily a neutral opinion, of an issue, and then going for a resolution. I'd like to see us have one process, and if we're going to take positions, I personally think we should apples send them to Betsy and get an impartial analysis and then have the Rules Committee take a position on it. Whether it's this or any other

particular issue unless there is some specific urgency that we have to deal with it Wednesday. Because there has to be action taken on Thursday. So just a broader process question. I think we as the rules committee should be discussing. Because like we've had these discussions in previous years, things seem to always have a different way of processing. It's easier just to get one thing and have a predictable path.

>> Mayor Reed: What's the time line on this bill?

>> Betsy Shotwell: Mayor, the bill is currently sitting in the -- still in the assembly meaning it has to get out of the house of origin by June 3rd. So that's the timing of where we are with all bills in the house of origin.

>> Mayor Reed: June 3rd?

>> Betsy Shotwell: Has to get out of the assembly by June 3rd, is on third reading which means it has passed through all the different policy committees. Appropriation committee.

>> Mayor Reed: They're not going to bring up until third reading to get the votes?

>> Betsy Shotwell: They may, I don't know the machination of this or others. It passed out on May 5th, that's the time line. Whether the author has the votes tomorrow to take it up, I don't know.

>> Mayor Reed: The other question I have is, this is a request for a resolution in opposition as opposed to what we usually do, we figure out what we support and oppose and let our staff deal with it. I don't know what is contemplated with the resolution. City Attorney do you have any comments?

>> City Attorney Doyle: I think you can do it either way. Councilmember Constant is correct, we have two different processes, staff generated or council generated. Whether you do a formal resolution, sometimes we take positions by state resolution, other times it is part of our legislative program. We register opposition and we get Roxann to work the capital.

>> Mayor Reed: Anything else? Councilmember Kalra is here I assume he would like to speak on this.

>> Councilmember Kalra: Thank you, mayor. The committee, for taking this up. As you know, mayor, in December of last year, we came before you, seeking authorization to pursue a grant that would allow us to study and potentially regulate the payday lending in San José. The committee was rightfully shocked with the facts and statistics associated with in industry. As you know the committee approved that memo and we feel that taking a stand through this resolution is consistent with the actions from the committee in regards to -- in regards what we were seeking in December. Some of the facts that in regards to payday lending are that in California they initiate from zero to over 2,000 establishments from 1996 to 2004, was a \$40 billion industry in 2009, according to the California Department of Corporations there were 3.125 billion dollars of loans in payday lending last year, those numbers represent more than a 20% increase since 2006. And so the -- I don't need to reiterate some of the issues with the industry that led me to go forward with at least having us take a look and analyzing whether there is a major issue in San José which I believe there is. However it does show that more recent data shows that the problem is actually increasing. The bill is sponsored by senate member Calderon seeks to limit the maximum amount of the loan from \$300 to \$500. I feel strongly this will exacerbate the problem not just here in San José but statewide. The city has consistently been a leader on this issue, such as demonstrated by you, Mayor Reed, in your support for the bank on San José program a program which sought to help income residents obtain financial stability and not fall victim to predatory lenders. Other governmental bodies and other community organizations have already expressed their disapproval of this bill, including the Santa Clara County board of supervisors and others. I feel we have to do the same but we have to let Sacramento know it is not okay for this industry to profit off the misfortune off the misfortune of those with less access to traditional banking. And even as we analyze the issue to determine what the extent of the issue is, I think it's certainly not the right time to increase the limit of these -- the maximum limit of these payday loans. I wish to thank Vice Mayor Nguyen and Councilmember Liccardo in joining me in this effort. Sacramento will know the City of San José is electronically opposed to AB 1158 and I share in the concern of Councilmember Constant in terms of process and in terms of how things may ordinarily be done, I am aware that councilmembers can bring these forward and I think it's been expressed with the time limits of the issue is and under ordinary circumstances certainly I would prefer to dot it

another way but because of the time sensitive issue I would urge that the committee allow this to go forward to the council. Thank you.

>> Mayor Reed: Okay, we do have some requests from the philanthropic speak, take that in a minute. Councilmember Constant.

>> Councilmember Constant: I'll wait.

>> Mayor Reed: Let's hear from the public that's here to speak on this. Manny Diaz then Gina gates.

>> I'm too short for the thing here. Good afternoon, mayor, members of the committee. Manny Diaz, this is the trade association that represents a lot of the bay day loan organizations in California. Because of the time, we're asking that you not take a position on this issue yet. Right now, the house of origin is right now on assembly, going to third reading which means it will probably go to the assembly floor. The legislature will bring its up in the summertime and going to the governor in September. Just so you know the time frame on legislation. Also I think it's important we not predetermine a policy direction on payday industry practices and for us we thought that was the whole purpose of doing a grant and doing the study on the payday industry practices using the community foundation money. So this would really predetermine the policy direction so that's what we're asking that you really table this issue and make it part of the grant study that I know you probably are going to take some time in the summer, thank you very much.

>> Mayor Reed: Gina gates and Cara Gazant is.

>> Good afternoon, I'm Gina Gates and I'm with Most Holy Trinity PACt. Take the leadership in this resolving and also to thank the council for its continued work in our bank accountability campaign particularly to the social responsibility policy. We appreciate that and we will continue to work diligently. We see this bill as another clever idea by the financial institution or the industry to take advantage of our community. Just a few years ago, the financial industry was selling mortgage products to consumers that claimed to be the road to the American

dream. Those bad mortgage products were allowed to be sold because the financial industry spent millions upon millions of dollars in lobbying efforts to get its way. It was a very clever idea that this industry executed to perfection. It made lots of money, it assured itself against loss. It got a bail-out and now it is negotiating with our AGs to avoid criminal prosecution. So 90 we have another very clever fringe financial industry that is putting lots of money into lobbying with state legislators to expand its loan-sharking activity. We now know what benefits from this clever kind of thinking. So we're very familiar with this story. Most Holy Trinity PACT asks to join our Board of Supervisors in opposing this legislation so please support this resolution. Thank you.

>> Mayor Reed: Peter Kazansis, Jamal Amin.

>> Thank you for considering our testimony on item H. I speak in support of the resolution before the committee on behalf of 41 organizational members of the coalition against payday lenders. As you know, the business model of payday lending is a small dollar loan product coupled with a short balloon payment. And high interest rate which right now the average in California is 414% APR. In addition to these predatory features of the loan itself the payday loan industry depends on repeat loans. And what that means is that the tremendous profits that this industry makes depends on the borrower not being able to pay his or her basic expenses plus pay back the loan by payday. The state Department of Corporations just recently confirmed that the average California borrower takes out ten payday loans a year. So this is \$450 for a \$255 amount loan for a year. Our organizations are part of the safety net in San José and Santa Clara County, and our organizations each day see the negative effects of payday lending and other predatory lending practice on our clients and our communities and we're opposed to the idea to expand this practice in any way, shape or form, increasing the \$500, increasing the \$75 fees is only going to increase this debt trap that our working poor in San José already suffer. What we are in favor of is responsible and reasonably priced alternative loan products. We're in favor caps and limits on this very unregulated industry and we ask for your support in opposing AB 1158 which would preserve the status quo in California in terms of payday lending so this city can decide what it wants to do about payday lending. Thank you very much.

>> Mayor Reed: Jemal Lemin and Allison Lasser.

>> Good afternoon, Jemal Lemin with the center for responsible lending. We are a nonprofit banking financial reform policy research group. We work nationally on issues in D.C. and various other states as well. I should also mention that our parent group is self help, we're a community lender, in the community working on communities of color on loan issues for the past 30 years plus and are familiar with payday and have consistently said since the beginning that this is a flawed instrument of lending portions and so with a lot of the stuff that's been said already I don't want to repeat that. I think the biggest point that we would continue to lamber on is that not only is this a loan prohibiting that's targeted specifically at communities of color but it's also a product that if given even a greater amount would significantly place our borrowers in greater debt. I would also add that the bill is already up on third reading and we would urge your immediate action on this as it's up for consideration over the next few days as well.

>> Mayor Reed: Allison Lasser and Peter Sego.

>> My, my name is Allison Lasser, and sacred heart provides a range of programs to support the working poor and low income families across this city. Our agency is the largest safety net agency in the county and we understand the needs and realities of our families. We have recently launched a financial literacy and asset building program to teach households how to stabilize their budgets and even how to save money month to month. Poor families have little access to reliability banking products or knowledge about health wealth management. We know that. This problem cannot be blamed on these families. As leaders in this community we must teach families how to fish rather than continue throwing faulty flawed and highly defective fish at those living with extreme need. This is precisely what the payday product is, it's dangerous, predatory and it sinks families. Payday lenders prey on working people who live paycheck to paycheck. According to the Department of Corporations 2007 study half of all borrowers are between 25 and 44 years of age and 74% of borrowers paychecks come from a job. Some of these consumers constitute the working poor but many payday loan consumers earn moderate incomes. However given the high cost of living in our state and ongoing financial crisis lots of people are trading rough financial waters. Payday loans are an anchor for families living in precarious financial straits. They literally sink borrowers into the murky waters of debt. No one should have to live this way. Your support of the resolution today responding to AB 1158 would demonstrate leadership and a strong

stance on predatory lending practices. We already know that payday handcuffs our families, and we are poised to begin serving our families to better understand how many are impacted exactly by payday lending. It would be a true joy to be able to reach out to our families and let them know that while we are fighting against payday practices, that the leaders of San José are also protecting them, and passing resolutions so that the maximum amount of loans is not increased, thank you very much.

>> Mayor Reed: Peter Segó.

>> My name is Peter Segó, I'm a resident of San José. And today, I'm speaking on behalf of the senior organization AARP. We have 3 million members in California. Our concern with predatory lending is that we find that seniors, especially low-income seniors are one of the groups that gets targeted. Not the only group but a significant group so we have a direct concern. And we've been fighting this issue for some years, some years ago I was chair of the state wide legislative committee of AARP and at that time we attempted to get stronger legislation through the state. We were not very successful. We got a few smaller amelioration type results. One of which was the \$300 limit that you've been hearing about. Now it seems to us outrageous to raise that limit of \$300 to \$500. It makes a bad situation worse. So we urge that you take this issue to heart and take a position in opposition to the bill in question. Thank you.

>> Mayor Reed: Thank you. Couple of things. First is, if you're trying to do this quickly a resolution is not the quickest way to do it. I would suggest that we put it on the council agenda for the 24th for us to take a position like we usually do. We don't have to wait for a resolution. And the question would be whether or not you can do the staff work you usually do for this committee before we consider it to at least let us know what the opposing sides are.

>> Betsy Shotwell: If I could work with the attorney's office perhaps we can put some brief notes together.

>> Mayor Reed: I could guess who the opposing sites are but the council should at least have that information that the council is going to consider it but direct the staff to go prepare a resolution now we're out into June and

sort of it's all over with. Secondly on the merits of it, I don't know that we should take up the whole payday lending or not, it wasn't a priority when the council did the priorities. Now we have this grant going on. Let's not make it any worse which I think is what this bill is doing, raising the amount. Although we don't have any other word of what else is on the bill. If we could get the word to the council so the council is making a decision based on things the council likes to consider. Councilmember Constant.

>> Councilmember Constant: Mayor, a couple issues. One is, I think it's improper or the us to take a position before we get the analysis back, that council's already directed through the grant issue. That's one issue. But I think that you have to look at all sides of an issue which I don't think we're doing by reading this memo. But getting a \$255 loan for the cost of \$45, if you were the average person who was living paycheck to paycheck and had a phone bill a PG&E bill a water bill and a garbage bill that you were trying to pay and you decided that you weren't going to get a payday loan for 45 and instead you decided not to pay those bills your late fees would likely be double that just from those four bills. If you instead decided that you were going to write checks to cover those without having checks in the bank, you would be responsible for not only the face value of those checks but three times the values of the checks plus the merchant fees, the merchants or the utility companies charge you for bouncing that plus the fees that a bank charges you for bouncing that, again would be multiple times, dozens of times more expensive than the payday loan. Contrast this to the fee you've paid if you want to go get \$20 of your own money out of an atm, where you could be charged \$3.50 at some atms to get your money. This is a consumer choice, supreme the ability to make a is choice and they're choosing. Maybe someone would rather pay \$45 than pay \$100 in late fees. Maybe somebody would choose to pay \$45 over bouncing a check. This is about personal responsibility and making their choices and I don't think we should really be getting involved in that and I think we're only looking at one small shrivel.

>> Mayor Reed: Anybody else? Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. Just in regards to the comments made by Mr. Diaz regards to tailing the issue, I agree that the reason we put forward went with the grant and all that so we could analyze the issue further, the change in senator Calderon raising the level. Not to make it worse but just to put out a resolution

to support the status quo, as we analysis it and something else reminds us at all, again this resolution is asking for status quo remain and still allows us to analyze the issue in greater detail. But the reality is that those who go to payday lenders have checking accounts and have bank accounts, there are other options available, and that's part of the analysis as well to see what we're doing as a community to make sure that those that are in the position that go to the payday lenders are educated on all the different tools available to them so they don't have to pay those egregious fees. And I don't think the \$3.50 on 20 bucks is any better, either. There are a lot of bank fees and a lot of features in the financial industry that are egregious. This is where we have some sense of control over and I would hope that the memo as written can go to the council on Tuesday and at that point we can, you know, we can make a decision as to how to proceed further. The reality is that there are plenty of other organizations and models of resolutions that are ready to go, that -- and again the timeliness is an issue because of where it's going right now before the assembly, we clearly would like to have something out it gets to the assembly, I would request that Tuesday we can make the decision, we might be able to provide to the staff at that time and ultimately if the consensus of the council is to just make a vote one way or the other on the general principle as opposed to resolution then the council can make that decision. But I would ask that if we can go forward with this memo as-is and one of the last things I just particularly appreciate coming up, Kira Kazansis from the law foundation for all the work she's done on this issue.

>> Mayor Reed: Next week's meeting is going to be a very long and difficult meeting with really important stuff on there. I do not want to get into a debate over the language of some resolution of any kind. And so I can't support trying to get a resolution together, but I'm happy to put it on to say we're opposed to the bill. Because we don't need language we know we're opposed to the bill and that's the most effective way to use our resources in Sacramento, in a timely way. I don't want to spend an hour of that council meeting bought we find out what else is on the agenda. I don't know what the rest of the committee wants to do here but that's my thoughts. What we need some committee action. One direction or the other.

>> Councilmember Oliverio: Take no direction at all.

>> Mayor Reed: No motion? Well then we're not taking any action on it I guess because we don't have a motion. City Attorney?

>> City Attorney Doyle: That's right, the measure goes nowhere, it just drops from the agenda. It can be agendized at a later date.

>> Mayor Reed: The other alternative is have the staff do the work and put it on the agenda in the usual fashion but then we're going to be past June 3rd which is when it's going to be out of the assembly or not. Or not. But we still have the work --

>> Betsy Shotwell: Staff can still working with the attorney's office put together some information if the authors of the memo wish to bring it forward at another date.

>> Mayor Reed: Well we have time before this goes to the senate.

>> Betsy Shotwell: Exactly.

>> Mayor Reed: This isn't the end of the line and there's always the governor as well. We're taking no action on this today bought we don't have enough votes to move this out of the committee. No action on item H-2. We'll move to H-3 which is recommendation to approve guiding principles for legislation in relation to redevelopment.

>> Motion to approve.

>> Second.

>> Mayor Reed: We've got a motion to approve. Mr. Wall you would like to speak.

>> David Wall: You know, this is a hard one for me to speak about because I have friends in the Redevelopment Agency and they're very valued employees, just as employees are throughout the organization. I guess my main criticism here is to the council, this council, a previous council, all throughout my -- since 1989 when I started coming to City Hall. In addition to other city councils, that are not as honorable as the ones that are sitting before me today, that have caused this problem to where governor Brown wants to shut down the Redevelopment Agency. It is really too late to save it. You've had multiple chances to amend behaviors in spendthrift ways and just wasting a lot of money. And now, basically your political souls are now required of you and you're going kicking and screaming into perdition. And the amount of debt that, Mr. Mayor, over the 12 or 13 years that you've been here in the saddle, that the City's incurred is nothing short of staggering. It's enough basically to bankrupt a city. And so when I see of all this language to amend it and save it, it's like the people that didn't get into the life boat on the titanic, you know, the North Atlantic's a cold place. And basically, that's where people that support RDA and their continued spending belong. Metaphorically, of course. So you've got a lot of atonement to make to the taxpayers. And when you demonize city employees in the process as being part of the problem of retirement, it's councils that have caused the staggering debt that could bankrupt the city for this redevelopment business. Especially these housing projects that go with it, with the downturn in housing, no foreseeable upturn --

>> Mayor Reed: Sorry your time is up. On the guiding principles we have a motion to approve. All in favor? Opposed, none opposed, principles are approved and there's a request to authorize the manager, executive director and our legislative advocate to advocate for legislation that conforms with the guiding principles.

>> Motion to approve.

>> Councilmember Oliverio: Second.

>> Mayor Reed: We have a motion to approve. All in favor, opposed, none opposed, that's approved go to work, I know you've already been at work for months. We have requests to add and approve. Well, add and approve the

mayor's gang prevention task force, 2013 to the June 16th, 2011 Public Safety, Finance and Strategic Support agendas pep.

>> Motion to approve. Physically second.

>> Mayor Reed: All in favor, opposed none opposed, that's approved. Taking us to open forum. Mr. Wall.

>> David Wall: This is a unique position that you have, Mr. Mayor, and I don't even know -- I'm just operating in theory, because I don't even know if you have have this authority, it's specifically holding councilmembers to task for their specific district. In other words do you have what I would colloquially say is a supervisory powers over councilmembers. If you don't you don't.

>> Councilmember Constant: It's I'm sorry.

>> David Wall: It wasn't district 1 that I was going to talk about. But this business with St. James park, Mr. Mayor, that St. James park is an atrocity. If city leaders are afraid to deal with vagrancy, I'm talking the California criminal code as it applies to vagrants, social outcasts, however you want to call them, they have no place in our society. Except perhaps in a stockade or some form of incarceration as legitimized by the law. This is a district 3 issue, Mr. Mayor, but it's a city issue, because how can you expect people of means to want to invest in the downtown because you have got these miscreants all over the place, and specifically their base of operations is St. James park. Thank you.

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