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>> Mayor Reed: Good afternoon, I'd like to call the San José city council meeting to order for March 1st, 2010. We will start our meeting with an invocation and Councilmember Liccardo will introduce the innovators.

>> Councilmember Liccardo: Thank you, mayor. We are in for a real treat this afternoon. We have members of the Antioch Baptist Church choir here. I'll ask them to come down at this time. The Reverend Fanny Davis is their pastor, and she'll be leading off, along with the worship minister, Reverend Stacy Green, who I see here. For those of you who don't know, I know many of you have been to Antioch. It's a wonderful church in the heart of the downtown district. This is the oldest African American church in the valley, founded in 1893. At 10:00 in the morning on Sundays you can hear their inspirational melodies through the entire neighborhood. And it's not like the south 10, you don't get any complaints from neighbors. Everybody loves it. Their outreach is extraordinary. They're providing food and clothing to nearby residents and the homeless every week. I wanted to give a special thanks to Linda Alexander, who I know helped us persuade everybody to come down. It's a real treat for us. With that, Reverend Davis, would you like to say anything?

>> Thank you to the honorable Mayor Reed and to the distinguished council Liccardo and all the councilmembers. We would just like to say thank you for having us here today. Thank you. [Singing] ∂ lord, I know I've been changed ∂ ∂ lord, I know I've been changed ∂ ∂ lord I know I've been changed the angels in heaven done signed my name ∂ ∂ the angels in heaven done signed my name ∂ ∂ the angels in my heaven done signed my name ∂ ∂ God bless America ∂ ∂ land that I love ∂ ∂ stand beside her ∂ ∂ and guide her ∂ ∂ through the night with the light from above ∂ ∂ from the mountains ∂ ∂ to the prairie ∂ ∂ to the ocean ∂ ∂ white with foam ∂ ∂ God bless America ∂ ∂ my home sweet home ∂ ∂ God bless America ∂ ∂ my home sweet home! ∂∂ [applause]

>> Mayor Reed: Thank you. Why don't you stay in place for pledge of allegiance. Just turn in place and we'll do it. Everyone stand for the pledge of allegiance. [pledge of allegiance]

>> Councilmember Liccardo: Mayor I'm sorry. I just wanted to also recognize, reverend Stacy Green who's been of service to this community as worship minister for many years is going to be leaving San José for return home in a few weeks. We're very grateful for his extreme leadership in the community.

>> Mayor Reed: We thank you for being with us, we appreciate the invocation. It's a good way to start the day although we're in the middle of the day it's a good way to start this meeting anyway. Our first item of bits or the orders of the day, I have a couple of items I believe that we need to change from the printed agenda. First item 2.3 D the neighborhood of services and education committee of February 11th needs to be deferred for one week. Are there any other changes to the agenda order?

>> Councilmember Pyle: Mr. Mayor, number 2.5 I would like to speak to.

>> Mayor Reed: We'll get back to that, then.

>> Councilmember Pyle: Okay.

>> Mayor Reed: Otherwise is there a motion on the orders?

>> So moved.

>> Mayor Reed: Motion is to approve the orders of the day. All in favor opposed, none opposed, that's approved. Our first item then is closed session report City Attorney.

>> City Attorney Doyle: Mr. Mayor the council did meet in closed session pursuant to notice. There is no report.

>> Mayor Reed: I would take up the ceremonial items, I would like to invite Councilmember Campos and representatives of mi pueblo foods to join me at the podium. Today we want to recognize mi pueblo foods for raising money for the Haitian relief efforts, today Councilmember Campos has some words on the great work they've done in our community.

>> Councilmember Campos: Thank you, mayor. I'd also like the American Red Cross to join us as well. Since mi pueblo did donate the money to the American Red Cross. So I'm taking this opportunity to commend mi pueblo food and Huanel Chavez for his family, for their efforts and their help for the help for Haiti campaign. The help for Haiti campaign was a partnership between mi pueblo foods and their customers to reach $100,000 to assist the victims of the Haiti earthquake. Many thought it was impossible but in the spirit of San José mi pueblo foods and its customers demonstrated that their commitment and their generosity to reach this enormous milestone became a reality. I want to thank Mi Pueblo and Juvenal Chavez and his family for their continued commitment to the community, not only in San José, but also to the community beyond San José which is -- are other countries. His continued commitment to making sure that we, here, in Silicon Valley continue to reach out and give to people that are less fortunate than us, is something to be commended. Another thing that I want to share that I found out earlier from the American Red Cross is that this was one of the companies that gave a very generous contribution of over $100,000. This is what we need to remember throughout the campaign, is that people, customers, whether it was $1 or $5, whether it was 25 cents, within a month added up to $100,000. And mayor, I'm going to ask you to present the commendation juvenile Chavez who is the president of mi pueblo foods. Let's give him a round of applause for his continued commitment. [applause] And I'm going to ask juvenile Chavez to say a few words and then I'm going to ask the Red Cross to say a few words about what this means to the reliefs of Haiti and to their organizations.

>> Thank you, councilmember Nora Campos. Thank you, Mayor Reed. It's a real pleasure to be here in celebration and joy of being able to help. Being able to help the less needed. We all know the tragedy that the Haiti is going through. And when this happens, the people at mi pueblo started putting together the idea and this concept, how we can help others. And it was back to the very values of the foundation of mi pueblo that by if way we began our organization in 1991 here in San José with a handful of employees and the support of my wife, we made its first beginnings. Now, mi pueblo is all over Northern California with just about 2500 employees. But the very roots are right here in San José, where we believe is our home is the place where we are going to be in here and we'll be here for many years to come, in support of this great community, in support of this great city, and with the commitment not only to sell groceries, not only to fill the basket for the customer but really being part of this great community in supporting the everyday life, groceries comes and go but the companies, businesses like mi pueblo with the vision to be an integral part of the everyday life of our customers and our life here. This is just a small demonstration of how great things can be done and I really take this moment to appreciate those employees, those families, those individuals who came back and forth, and deposited from 25 cents to $1 to a few dollars to put this great cost and put together $100,000. Thank you, thank you for let us speak to this public and being part of this great community and being part of this great city for many years to come. [applause]

>> Councilmember Campos, Mayor Reed, on behalf of the American Red Cross and all the volunteers and staff members we're very proud to accept this wonderful donation from mi pueblo and Mr. Chavez. Mr. Chavez and his family also put some dollars into this fund and got it going as an honor to his wife's birthday and look at the grass roots effort and the generosity of the community to raise $100,000. In really, three weeks. So the Red Cross is grateful. We have been on the ground in Haiti since the earthquake hit and we are providing 75% of the donations providing food and shelter, providing medical assistance, providing mental health support. We'll be in Haiti for a long time thanks to the generosity of the City of San José, mi pueblo, our community here. We have passed through this Red Cross chapter almost $1.5 million in donations to help the people of Haiti. Our thanks for Mr. Chavez, mi pueblo and the City of San José for your support, thank you. [applause]

>> Mayor Reed: Next I'd like to invite Councilmember Kalra and Mr. Ferrera, president of the health trust to join me at the podium. Today we're issuing a proclamation declaring March as nutrition month in the City of San José. Councilmember Kalra has some of the details.

>> Councilmember Kalra: Thank you, mayor. And oftentimes I or other councilmembers are up here talking about some of the issues that afflict us. I know recently we were talking about recognizing heart disease and so on. And I think that we need to look at that time other side of what you do to prevent those certain afflictions. Certain exercise is critical to it and the other critical part of it is nutrition. Very happy to be here with the mayor and the council to recognize nutrition month which is critically important. In the past we have talked about a number of different programs in our city that are done that affect nutrition. One is La Mesa Verde project of the Sacred Heart, comunity service does, they've got national recognition for building gardens in people's homes, in their yards. And also I'd like to recognize the health trust of Silicon Valley, and we have here today Fred Ferer,

from the Health Trust, who in 2009 started working with Americorps to fight obesity. Fred will follow up in a little bit more detail on it, but essentially the idea is to produce and distribute 180,000 pounds of locally grown organic produce, promoting health and eating, promoting community gardens and all in all making sure that Americans not only live a physical lifestyle with exercise regularly but have nutritious foods accessible to them which is oftentimes an issue particularly in low income neighborhoods. So I'm very happy today to ask the mayor to present to Fred Ferer from the health trust of Silicon Valley the proclamation recognizing this month as nutrition month. [applause]

>> Thank you, Mr. Mayor and Councilmember Kalra on behalf of the health trust it's our honor to accept this resolution and this commendation around March as nutrition month. In San José fast food and convenience stores outnumber grocery stores and fresh fruit produce markets by a ratio of 5 to one. This is not good nutrition and this is not good healthy eating, and so together with the council we hope to be able to change that. And so with Americorps and ten community partners in Silicon Valley we are coming together to bring community gardens, bring school gardens and bring backyard gardens back to the City of San José. In many ways we are going back to our roots and if pun is intended because what we're really trying to do is go back to this valley of the heart's delight where we really were the fruit basket and the produce basket for the country. Now we've got to bring that back into the City of San José and to our communities. As Councilmember Kalra said we're going to be producing 180,000 pounds of fresh produce in our first year with our ten agency partners and community gardens. But that's just only the beginning. We really want to look at food access and how pool access food and especially in our low income communities. Proclaiming March as nutrition month in the City of San José it's really taking a step to remind us all to eat healthy. Thank you.

>> Mayor Reed: Thank you very much. [applause]

>> Councilmember Liccardo: I'd like to invite peace corps representative Max Seins to join me at the podium. Today we're proclaiming March 1-7 as peace corps week in the City of San José. This year the peace corps celebrates its 48th anniversary since its founding by President Kennedy in 1961. Since that time, more than 26,000 men and women from California have served in the peace corps in 139 countries around the world. During their two years of volunteer service, peace corps members have made significant contributions in the cause of peace and human progress. Today we have one representative of the peace corps, Max Seins will accept this proclamation on behalf of the entire peace corps. Max, thank you for joining us. [applause]

>> Thank you mayor and city council, for giving me this proclamation. It's an honor to receive this from the City of San José. I will start my two year service in Liberia in June, as a peace corps volunteer. I will be teaching secondary science. As the first volunteer group to work in Liberia since 1990. As a San José native I've been given many opportunities and I feel it is my responsibility to give to those less fortunate. The peace corps is a great organization and I'm proud to represent it. Peace corps week conglom rates the establishment of the peace corps by president Kennedy in 1961. In 2011 the peace corps will separate its 50th anniversary. In that time nearly 200,000 Americans have served as peace corps volunteers in 139 countries. The peace corps has three goals. To help the people of interested countries, in meeting their need for talented men and women, to increase awareness of America around the world, an to increase awareness of other people, here at home. Right now there are nearly 8,000 peace corps volunteers working in 76 countries in the field of education, health, and HIV and AIDS, agriculture, business, the environment and more. On behalf of the peace corps I would like to thank you for honoring our mission of world peace, and friendship, and supporting local peace corps volunteers. Thank you very much. [applause]

>> Mayor Reed: Now I'd like to invite Councilmember Pyle and representatives of the San José Dublin sister city committee to join us at the podium as we declare the first week of March 2010 as Irish week in the City of San José. Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I think they're all off at their jobs today but they will be here tomorrow. This proclamation will be presented on Thursday, March 4th at the flag raising. The Irish delegation will be here tomorrow afternoon. The San José and Dublin sister city relationship was initiated in 1986, by then-mayor of Dublin Berdie Ahern and mayor of San José Tom McEnery with the mission being to develop cultural, economic, educational artistic and sporting ties between San José and Dublin. The sister city relationship has thrived for 24 years through the San José and Dublin sister city committee organizing an annual Irish week in San

José, to celebrate our relationship and our ties with Ireland. And through strong support from the people of San José and Dublin in developing community linkages and businesses. This year in honor of the 24th anniversary of the San José and Dublin sister city relationship we extend a very warm welcome to Councilor Emer Costello, the lord mayor of Dublin, and a delegation of Dublin city officials and business representatives. We do recognize the efforts of both the San José and Dublin sister city committee to strengthen the important relationship and welcome all of those who come here to celebrate with us. Thank you. [applause]

>> Mayor Reed: We'll now take up the consent calendar. Are there any items that councilmembers wish to pull? I have 2.5 for Councilmember Pyle. I have some requests from the public to speak. Item 2.3 A, 2.3 B, 2.3C. Any others, Councilmember Campos?

>> Councilmember Campos: 2.6.

>> Mayor Reed: All right, is there a motion on the balance? Motion is to approve the balance of the consent calendar. All in favor opposed, none opposed, that's approved. 2.3, David Wall. You had three items under 2.3, Mr. Wall.

>> David Wall: First of all good afternoon. It's good to see the meeting started out with the lord and with other good food to eat. Outstanding. My comments basically can be taken together. In reference to the comments section on the reports that are so before you and signed. I do not find fault with the councilmembers or the mayor who signed these reports, because you rely on them. But these comments are not accurate, and that bothers me. Specifically, on A, I mentioned the former councilmember Frank Fiscalini's wife had passed. Not just Mrs. Fiscalini, because people who read it won't realize that it was one of our great former councilmembers' wife who had passed. Second, the Public Safety committee report in which I spoke several times has glaring omissions. And basically mischaracterizations. David Wall expressed comments on the legacy partners museum audit report. I didn't just say make comments. I said this was a classic illustration to shut down the redevelopment agency in its entirety because of how the investors made money, and yet the taxpayers probably won't see a dime on their loan. And that's out of the auditor's report. Now what's chafed what's left of my hide since a good portion of it was chewed off at CED the other day was the Rules Committee by the way it's still very well represented as you see behind me. But on the February 3rd Rules report on open forum, it says David Wall criticized the Santa Clara Valley Water District report for 2011 claiming inaccuracies, regarding treated effluent discharge in the San Francisco Bay. This portion is a factual impossibility. Because the water district -- first of all I never criticized the Water District. I criticized a lie that was the foundational argument for the reclaimed water projects that is a joint project with the City of San José and the Water District. But at no point did I criticize the Water District because I'm telling you those folks would be merciless with me down there and I'm tired of getting my rear end chewed off. Now, the other part is accurate. The suggestion of holding a blue grass festival will raise a tremendous amount of money and I would think that would you reference Mr. Fenton in this regard in his expertise. Other than that, I don't fault you Mr. Mayor or any other councilmember who signs these reports. I don't know who to fault and I really don't care about faulting anybody. But the comments should be more accurate. And thank you and God bless you all.

>> Mayor Reed: That concludes the public testimony on item 2.3. Is there a motion? Motion is to approve. All in favor opposed, none opposed, those minutes are or reports are approved. Item 2.5, travel reports. Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I would like to report that on February 10th Vice Mayor Chirco, and councilmembers constant, Kalra and myself plus Harvey Mavrogenes from the San José redevelopment association, plus Roxann Miller who is if city's legislative representative in Sacramento and Betsy Shotwell who represents us here in San José went to Sacramento to meet with state legislators. The city officials that we met with were Senators Alquist, Maldonado, and Simitian, and assembly members Beall, Caballero, Coto, Fong, and Ruskin, plus chiefs of staff for assembly members Monte and Torrico. Yes, that is ten in one day, that was quite a heady goal. The primary goal for the trip was to present information regarding the impact of the state budget on the city and the redevelopment agency budgets, the ability of the agency and the City's economic development efforts to stimulate job growth and to attract economy, business expansion and retention in San José. Our Public Safety, transportation, and infrastructure priorities, and our funding needs. The information presented focused on long term positive impacts of the City's contributions to the local and state economies, including our clean

technology initiatives which include the solar development, our lead role in venture capital and biotech investments. In fact that's a lead across the nation. Our software investment 34 business clusters and our concerns regarding jobs lost in the region and the City's latest unemployment rate of 12.5%. Each meeting highlighted ways that the state raids have contributed to the City's budget deficits over the last eight years and how the raids have impacted re redevelopment funds especially the catastrophic two-year take of $62 million in 2009 and 10 and $12.8 million in 2010 and 11. Separate materials were provided to our legislators, highlighting the impacts -- excuse me a minute -- of the redevelopment agency's ability to build infrastructure, fund affordable housing, create jobs and promote economic development. They were especially interested in the fact that we have hotelliers that were willing to put money up in order to expand our civic center. So that was really an eye opener for them. And then we talked about the Public Safety budgetary priorities, primarily that was covered by Mr. Constant. And the ongoing COPS grants, the status of the city administration's current efforts to address questions regarding the police department's use of force, and we also talked about other critical issues which included the infrastructure investment in the city's climbing backlog or shortfall of funding for streets and roads to the point where we are second worst in the nation. And the state's relinquishment of routes 82 and 130 -- I know this is getting very technical, but I'm going to wrap it all up by saying that I think in many ways I think it was an eye opener for the legislators that we met with. I have since seen assembly member Coto who not only dropped a request for a state audit of our police department but who has shown genuine concern and follow-through since our meeting, in fact sent a really thoughtful voice message which we sent on to those who went on the trip. And I saw him again on Saturday. He's very concerned about finding ways not to take our funding. I'm pleased to say too that since our state trip seems to be getting a little more serious about finding consistent, constant revenue streams, and I was pleased to see that they are going after people who do not pay their sales tax, and all of those who have been not reporting it or not sending it in, will be contacted by the State. That was, by the way, a $2 billion source of income that's been overlooked. So I'm pleased with who I'm seeing, I hope they keep up the good work, and if you had any other questions, you'll have to see me after the meeting. Thank you.

>> Mayor Reed: Any other trip reports? Councilmember Kalra.

>> Councilmember Kalra: Thank you Mayor, I just wanted to comment briefly on the trip that was taken. I had never gone on a trip like that to Sacramento and was uncertain whether there would be much value in it and I can definitely say after going on the trip that it was a great value, great value of the residents of San José, for us to meet with our state legislators. I certainly want to thank the state legislators and their staffs, Betsy Shotwell for helping in the arrangement and Roxann who was very knowledgeable and I think that not only well-known in the state capitol but a lot of folks turn to her to answer many questions and that's a good sign from my perspective that we have someone up there that's really turned to on a lot of issue. I certainly want to thank the City Manager's and the mayor's Office for supporting the trip and most of all I want to thank Councilmember Pyle. This report was her vision, her work and we're along for the ride. And for much of the trip in terms of the setup to it and we worked really well I feel as a team once we were there to represent the interests of our constituents, so Councilmember Pyle I want to thank you.

>> Councilmember Pyle: Mr. Mayor I want to say too that this is something I think needs to continue. And what do I mean by that? We can't just make a one-shot deal. There are groups out there that can reach their legislators on Fridays. They don't have to go to Sacramento. There's e-mail, there's fax machines, there's all kinds of ways that you can communicate your thoughts to Sacramento. And it is vitally, vitally important.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Wanted to also recognize Councilmember Pyle for her efforts. I was in Sacramento yesterday, and had an opportunity to sit down with a couple of the assembly members, and they reiterated that the meeting with a delegation from San José that you led was very productive. And that they felt that there was a lot of discussion around important issues that pertained to the City of San José. And I want to congratulate you for all your efforts and for taking the lead on taking the delegation out there.

>> Mayor Reed: I have one request from the public to speak. Ross Signorino okay. We got the report. Anything else on those items? No action is required. Those are just the reports. We had one other item, on the consent calendar which we do need to take action, item 2.6. Councilmember Nora Campos wanted to speak on that one.

>> Councilmember Campos: Thank you, mayor. I know you're asking us to reject all bids and go out and bid again, I'm okay with that. I think the area that I'm a little bit concerned about is that it would nod give us the ability as a council to be able to approve the lowest bidder. So I'd like to understand, why it can't come back to the council for final approval because it really is our opportunity to be able to have oversight over items that we approve when they have money attached to them.

>> John Stufflebean: Yes, ma'am, John Stufflebean, director of environmental services. We agree with that completely. In this case there is a timing issue. These filters need to be rehabilitated before the summer. Because these are the filters that we use for the recycled water system, and that's when the recycled water system gets used heavily because of irrigation demands in the summer so the timing doesn't given us the extra time required to come back to council would make it so that we wouldn't have the project completed for when we needed the water for the irrigation season in the summer. That's why we're asking this in this one case.

>> Councilmember Campos: I appreciate that. I know it's not the first time you've come to us and requested that we bypass coming to the full council and I'm just not singling out you and so I have a lot of concerns about that especially when we are talking about how we spend money and the council really is ultimately responsible for how our money is being spent. And not our money, how the taxpayers' money is being spent. So I'm going to support this but I would hope that you could look at this in the future, and make sure that you leave a cushion for items to come back. We're facing a huge deficit and every item that we approve really needs to come to the council for oversight.

>> John Stufflebean: Yes, understood.

>> Councilmember Campos: So I will support this with reservation. But I hear the importance of getting this RFP done in a timely manner. That's a motion.

>> Mayor Reed: I have a motion to approve the staff recommendation. All in favor, opposed, none opposed, that's approved. That concludes the consent calendar. Next item is report of the City Manager.

>> City Manager Figone: Thank you, Mr. mayor, members of the council. I do have an update today where I will use two slides which I know is unusual under the City Manager's report. But the topic is the release of our General Fund forecast which we will be doing so a little bit later on today through information memorandum. And the news is not good, so my goal today is not to provide with you an extensive presentation, but really, to provide you with a snapshot of what is in the forecast and with early warning so that the public, our employees, and our labor unions really do follow up and review this document in more detail. So the first slide pretty much presents to you the problem and the components of the -- what is now $116.2 million projected shortfall for 10-11. As the top bullet indicates, the shortfall that is described more fully in the forecast document actually totals about $182 million over the five-year period. And this excludes the unmet infrastructure and maintenance needs of thity. Very briefly, the great majority of the shortfall is caused by increased contributions to our retirement funds and we do project that those contributions will grow by about $53 million next year, as shown in the first line on the array before you. Some $10 million or so is the result of increased expenditures in health and unemployment costs as well as wage increases and existing contracts for our MEF and our confidential employees organization as well as nonmanagement step increases. On the next slide you'll see how this forecast has changed since we last presented a forecast to you in October. At that time, we were carrying about a $96 million General Fund shortfall, and again, the key changes from then until now include about $15 million in increased retirement contribution rates, approximately $8 million decrease in revenue estimates primarily in our business tax revenues and interest earnings as well as small downward adjustments in a number of other categories. On the positive side, we have been able to project a decrease in expenditures in the area of utility and fuel costs as well as debt service to the tune of about $3 million. So again, we will be releasing this information through an information memorandum later on today. We will ensure that the public, our labor unions and our employees have access of that memorandum. The next is the release of the mayor's budget message in the next couple of weeks. And this information, I think in summary, does reinforce the challenges that the city council will face in balancing the coming year's budget. And that does include my report.

>> Mayor Reed: Our next item is 3.3. Actions related to sunshine reform recommendations on nonprofit strategic engagement committee and statistic reports prepared by the independent government auditor. We have three

open government items in a row. We're going to take 3.3 first and then actions related to communications by the mayor and city council next, and then we'll have sort of the summary report on open government initiatives which is numbered item 3.2.

>> Tom Manheim: Thank you, Mr. Mayor. Tom Manheim communications director. As noted we have a couple of items that we're going to start with, nongovernmental bodies and statistical reports from the independent police auditor. I would just note that these are the last two items that are coming out of the recommendations from this Sunshine Reform Task Force. So these, this was sort of an historic milestone for us as we move through this process. Our intention would be to first go through the nongovernmental bodies discussion presentation, allow time for discussion and answer questions and then after that move on to the independent police auditor statistical reports presentation and discussion. A little background just to refresh the city council's memory. When we first brought the phase 1 proposals from the Sunshine Reform Task Force to the council, there were -- it included requirements for nongovernmental bodies which is a term that the task force developed to refer to all of those noncity entities with which we partner. A number of those entities have raised concerns about the requirements, and we asked for time to go back and meet with them, understand their concerns better before we brought forward a proposal. At the same time, there have been a couple of high profile incidents where a couple of nonprofits were encountering financial distress. And the city council as a result of that had directed the administration to work with our nonprofits to see if we couldn't strengthen our relationships and how we are supporting them. That's the effort that grew into the strategic engagement, the nonprofit strategic engagement platform effort. So what we have done is, made sure that we looked at the Sunshine Reform Task Force recommendations through the prism of the work that was being done by the nonprofit strategic engagement platform group so that we were not creating two unrelated efforts but rather dove tailing the two together. If I could just go back to the original recommendations from the task force, the task force came up with two definitions for contractors. The first was contractors who operate a city facility that's valued at more than $5 million, the second was for contractors who provide defined city services and receive annually at least the amount of the City Manager's authority which right now is $250,000. And the task force defined very carefully what those city services would be. It then set out requirements for all of the nongovernmental bodies that would be captured by those two definitions. And the requirements were that they would report -- they would be assigned to and would report annually to a policy body. And a policy body would be a council committee, a board or a commission. They would annually produce reports and they would also produce supplemental reports and report those to the committee as well, if there are significant program or policy changes made in their operations, and those again were defined by the task force. The administration did have concerns about the proposals as they originally came from the task force, primarily falling into two areas. The first was in the oversight area, this oversight by a policy body would really be duplicative of the existing oversight policy we have in place with city staff. It would be time and resource intensive. It's really counter to sort of the professional contract administrative processes and practices that we use and it would also add significantly to the workload of all the boards commissions and council committees. The other concern was that in the for-profit world, adding, layering on these additional requirements could serve to dissuade certain companies from bidding on projects, and the less competition there is for contracts to provide public services, obviously the more chance that our costs will rise. So if we think about the task force recommendation it essentially created four categories of entities. Nonprofits that receive more than $250,000, nonprofits that manage city facilities and for-profits in both of those categories. The task force created identical requirements for each of those four entities. The city approaches their oversight of each of these in a unique way and that was really at the heart of the changes in the recommendations that are before you today. The recommendations that the Rules Committee is bringing forward really are trying to accomplish two goals. One was to recognize the existing oversight mechanisms that we think are effective and second that rather than placing the burden of meeting these requirements upon our nonprofit appearance or the private sector participants to the extent we could put those burdens on the city staff. With that let me go through the requirements of each of the categories and as I talk about them I'll talk about both the requirements from the city side as well as from the nonprofit entities side or the nongovernmental bodies side. For the nonprofits receiving $250,000, the task force had defined that as end financial assistance. But they had never defined what financial assistance is. And so the proposal before you clarifies that definition as a grant which would be a financial award provided to support an approved project or activity to implement a public purpose, or leases at below market rates, or payments for operations and maintenance. And you have, in your packet today, a report that lists all of the 30 entities that would be captured by these recommendations. The requirements that the city would be -- would be imposing on itself for the nonprofits that receive $250,000 is that we would conduct an annual financial scan, in the first years of that scan would be conducted by the City Auditor. The results of those scans would be

reported to the Public Safety, finance and strategic support committee. If there was any identified corrective action necessary, and any problem areas that surfaced as a result of the scan, a corrective action plan would be developed, and that would be presented to the Public Safety, finance and strategic support committee as well as to any other -- the other committee that might have jurisdiction over that particular entity. And then there would be a monthly meeting of the nonprofit strategic engagement platform group just to make sure that this ongoing oversight continued. For the nonprofits the requirements really are limited to supplying information and cooperating with the city in creating these reports, as well as any corrective action plans and then posting their financial reports on the Website which is actually already a requirement that all nonprofits are required to meet. For nonprofits managing a facility, the city would maintain its existing oversight mechanism which include regular facility inspections and corrective action plans whenever necessary. We would be posting those facility maintenance reports on the Website, so that they are -- we are more transparent in that regard and people have more of an opportunity to see how we are managing our facilities. And then if there were any corrective actions needed in terms of facility maintenance those again would be brought to the Public Safety, finance and strategic support committee. And the only requirement on nonprofits again would be that they cooperate with us in terms of conducting those inspections, providing us with information and following through on any corrective action plans. Finally that brings us to our for-profits. And the recommendation for our for-profits is to maintain our existing administrative oversight mechanism. As we looked at them what we determined is that, with the private sector, our contracting process is different. We have much stricter performance measures that are all -- in all of these contracts. There are clearly defined maintenance obligations when it's a facility. And most importantly there are defined remedies, including liquidated damages and the ability to revoke contracts any time there is a problem. So we feel by maintaining our existing process we have a very strong oversight in this area. The entities that would be covered by this area are pretty much limited to our garbage contracts, our parking operators, and our pavement maintenance and repair contractors. So with that, that ends my presentation. We are happy to answer any questions you might have.

>> Mayor Reed: Questions on this section? Of course I've already heard a lot of this presentation at the Rules and Open Government Committee so some of us have been through this before. All right, have no questions at this time. Move on to the next section.

>> Tom Manheim: Thank you. The next second is the independent police auditor statistical reports. If we can pull that up. If -- so the task force, with this presentation, was really seeking to make sure that the public had an opportunity to see what kinds of complaints were being filed, and the discussion of those at the time really focused on how would the public know if there was what you would refer to as a rogue officer, one officer who was creating lots of problems. Since they were only seeing in each annual report there was no ability to track any information beyond one year. So you see before you the different recommendations or what would be included in the report as the Sunshine Reform Task Force proposed it. The -- when that proposal came forward, it was prior to the change in the independent police auditor's office. And our acting police auditor when she looked at them asked for more time simply so that she could review them, make sure that the information that was being requested could be provided in a sustainable way given the size of her office, and to make sure that the information being provided was consistent with the police officer bill of rights. And with that I will turn it over to Shivaun to walk you through the proposal. I should add as I say that as the Rules Committee considered this proposal they extended the proposal to the police department so I'll talk about that after the IPA is completed with her report.

>> Shivaun Nurre: Shivaun Nurre acting independent police auditor. When I was looking at the proposed language that was proposed by the task force, two concerns came to mind. One was the mechanics of how to do the report and the second was to make sure that we abided by the peace officers bill of rights make sure there would be no way to identify any individual officer. So working with City Manager's office, city attorney's office, police department, we developed some tweaking of the language. And which was presented before the Rules Committee. What we have is a report with five years of statistical reporting which we had not done previously. Working with Tom Manheim and Lisa Herrick who were working with the task force, we believe it accomplishes the original goals that the reform task force desired. So what we are prepared to do is to maintain a list of citizen initiated complaints against officers, it does not reflect any department initiated cases. The list is presented so that you can determine whether an individual officer identified solely by name has one or more complaints in any calendar year, in addition to a five-year period. It provides some facts on discipline imposed in that if there is sustained filing or any correction -- corrective action taken you will see the allegation on which the

discipline or corrective action was imposed, and the corrective action. Does not identify officer information. And just briefly, a comment on the substance. The report doesn't list all the officers of the department because not all officers get a complaint in any one year. So we have a subset of officers in the report, and of the officers listed, most, and I mean 75% of officers, received two or fewer complaints. And most officers listed, 50%, received only one complaint. So we think that's a very good showing for the office. And I can ask if there are any questions that you have.

>> Mayor Reed: Any questions at this time? Councilmember Nguyen.

>> Councilmember Nguyen: Thank you. Just a couple of quick questions. In regards to the policy complaints, I was just wondering how often does your office receive these types of complaints, and what do you do to address these complaints? The policy complaints?

>> Shivaun Nurre: Policy complaints tend to be very small number of our complaints. Would I estimate about 3%. Generally once we agree on the qualifications that's done by internal affairs, internal affairs sends the matter over to research and development at the police department so they can take a look at it and there's generally a report back to our office.

>> Councilmember Nguyen: Great. And then just a final question. On page 21 of the chart, I think it's number 118, I guess my question is that if a finding is not sustained on here, is that the individual officer actually went through training, if it's not sustained, the police department actually mandates that the officer go through appropriate training?

>> Shivaun Nurre: No, only in certain circumstances.

>> Councilmember Nguyen: Okay.

>> Shivaun Nurre: Generally if there is a sustained finding you will always see some kind of discipline. However there is a duty manual provision that allows for some type of corrective action to be taken even if the finding is not sustained. I think that duty manual section is referenced, footnote 5 on page two.

>> Councilmember Nguyen: Great, thank you, those are my questions.

>> Mayor Reed: I had a question about one of your comments about the 75% of the officers that have two or less complaints. That's over the entire five year period?

>> Shivaun Nurre: That's correct.

>> Mayor Reed: Okay. Councilmember Liccardo.

>> Councilmember Liccardo: I had a question about what we'd do with the data. And I understand the chief's way up in the audience. I don't know if chief could I ask you a question or two? Just about what we do with this and I'm sorry for not giving you a heads-up. But as I was doing the math in my head and obviously the great majority of complaints are just a single complaint against a single officer or perhaps two in a five year period but then there's a category in which there are a number of complaints. And is there some trigger at which there's additional scrutiny that the department applies to internal affairs?

>> Rob Davis: Yes there is. There's a certain number allowed in a certain period that would automatically trigger something called kind of an early intervention, or an early warning system. And even if the complaints aren't sustained, necessarily, those are still considered in the matrix if you will of when we will pull some officer in that receives at least what's called an intervention counseling either with the lieutenant who's overseeing the internal affairs unit and or with the deputy chief and the commander for which that officer works. There is a matrix that indicates if you receive a certain number of complaints even though they're not sustained, why are you generating that many, let's figure out what's going on so we can make sure that we're reaching out and helping that officer.

>> Councilmember Liccardo: Thank you chief. The other question I had really my conversations were with Dan Katz. So I'm not sure to what extent you may have been brought in on this but I know that some changes were initiated recently in the last couple of months to enable the department to sort of improve the speed of the turn around of complaints to get to the IPA office, the IPA could review them within the 12-month window under the state law.

>> Rob Davis: Right.

>> Councilmember Liccardo: And then potentially appeal with the City Manager or otherwise.

>> Rob Davis: Sure.

>> Councilmember Liccardo: At this point have we seen concrete changes in terms of the duration?

>> Rob Davis: I believe we've seen concrete changes within if PD. I don't know how that's that has trickled down yet within the IPA how she has seen the complaints.

>> Councilmember Liccardo: I don't know if you have seen the results but Shivaun have you --

>> Shivaun Nurre: We have seen the particularly the fourth cases in a faster pace.

>> Councilmember Liccardo: Thank you.

>> City Manager Figone: Chief if he could put you on the spot. Would you comment on the department initiated process because I also believe there is proactive work around early warning.

>> Rob Davis: Yes. In fact,there are a variety of agencies around the country of looking at ways of early intervention and early warning. We do know that there are some agencies that have pushed forward to get mechanisms automated. So that there are some things that we wouldn't even have been looking at in the past. What we currently have been looking at are how many complaints are being generated but there are other indicating factors too that may indicate to us that there is an issue that an officer may be going through. Things such as has there been a death in the family, has he had problems with his report writing issue has he had a case rejected from the DA's office there is a whole series of things that may indicate whether or not there's an officer that has an issue. So we have been expanding and taking a look at some other agencies, one that has now become recognized or is becoming recognized as a best practice is what they're doing in L.A. that is in an automated system that they have created as a result of the consent decree that they've been under for the last five years. So they were required to do that and we have seen and others have seen some of the value in what it is that they have created and we are exploring that. We already have had personnel attend LAPD to take a look at that. So we are clearly are looking at how we can expand not only upon what we are seeing in the civilian complaints, matching those up with our departmentally initiated complaints, but a whole host of other variables that may be of value to us in determining whether or not an officer needs some extra attention.

>> Mayor Reed: I had another question about the civil service commission. So the chief can impose discipline but the officers have rights under Pobar and our civil service, so on our chart here, this is really for othe IPA, how would it be indicated if the chief imposed discipline and it was bounced by the civil service commission or arbitration or some other means? How does that show up?

>> Shivaun Nurre: If you turn to page 10 of the table, officer 151. It reflects the officer received a citizen issued complaint in April 2007. The allegation was rude conduct, the finding was sustained. The chief imposed a 20 hour suspension. That was appealed or somehow sent to an arbitration. Now I believe the officers have an option of going to either arbitration or civil service. I believe in this one it was an arbitration because you see in the second column that, and it says the suspension was reversed per arbitration designation, which tends me to believe it was an arbitration and then discipline is imposed. Now the level of that particular disciplines in column 3 I think I'd have to ask the City Attorney or perhaps Lisa Herrick how the final discipline is decided upon.

>> City Attorney Doyle: It's either the decision of the arbitrator or the civil service commission as the case may be.

>> Mayor Reed: So if they think the chief is being too tough on them they can walk it back a little bit, and so in this case it looks like the chief went for a 20 hour suspension and the arbitrator says documented oral counseling would be the appropriate level. And is that the end of it once the arbitration award has been rendered, it's over?

>> Shivaun Nurre: Well in terms of the IPA role the IPA cannot comment on discipline so I'm not going to venture into wading in on that topic.

>> Mayor Reed: We'll let the City Attorney weigh in open it.

>> City Attorney Doyle: That's the end of it.

>> Mayor Reed: The City Attorney always goes in where others fear to tread.

>> City Attorney Doyle: Against my better judgment sometimes. The arbitrator's decision or the civil service commission that's the end of it. And the results are reflected.

>> Rob Davis: If I might add, that might be the end of the discipline decision, but that doesn't mean that the department's attention is not drawn to that officer, and that there's follow-up done no matter what discipline is imposed.

>> Mayor Reed: And that would apply even to a termination decision; is that correct? That if you decide somebody should be terminated, and the appeal, one way or the other, that could be overturned as well? Okay, that's the system we have. But compared to other cities I think we effectively impose discipline a lot more regularly without interference by others compared to other cities. I know San Francisco's got a log backlog on discipline in their system. So we don't have a backlog on discipline, chief?

>> Rob Davis: No I mean we have some case that are working their way through civil service or arbitration. I think you're correct if you looked at it comparatively speaking to other major cities with an 87% sustained rate or an 80 plus sustained rate on our departmentally majorities of them.

>> Mayor Reed: The 87% sustained rate refers to the department's first decision sustaining the complaint and then deciding to impose discipline?

>> Rob Davis: Yes.

>> Mayor Reed: Any other questions? I have no cards from the public to speak on this item.

>> Tom Manheim: Mr. Mayor.

>> Mayor Reed: Yes, Tom.

>> Tom Manheim: If I could just highlight for the council the additional recommendation that did come from the rules committee which you've just been discussing, the department initiated complaints. The Rules Committee recommended that the requirements for the IPA to issue a report also be extended to the police department. So they have been working on a report that essentially mirrors the IPA's report for those department initiated complaints, they have I think they're finishing it up this week and hope to have it posted later this week. There will be a more complete picture for both department initiated and citizen initiated complaints going forward.

>> Mayor Reed: Okay, there's one more place that people can look if they're interested alex Gurza and his staff put out an annual report of discipline I think.

>> Tom Manheim: Yes that's true although I would caution anybody against actually adding all three of those reports together because anything that the employee relations department would be putting out in their annual report would be captured in the police department's department initiated report as well.

>> Mayor Reed: But anybody who's interested and wanting to know whether or not we ever discipline any anybody in the City of San José we do, and it's not just the police department, everybody is subject to the rules we live by and that's captured in Alex Gurza's report not just the police department.

>> Tom Manheim: That's correct. Yeah.

>> Mayor Reed: Any other questions or comments on this? We have these two items together as this one agenda item. We can take up motion on that. Motion is to approve staff recommendations on these. All in favor opposed, none opposed, those are approved. Taking us to item 3.4, actions related to communications by the mayor and city council. This is a return back from a referral from the city council, some few months ago. Lisa Herrick.

>> Lisa Herrick: Yes, good afternoon, Mr. Mayor members of the council, Lisa Herrick, city attorney's office. As Mr. Mayor mentioned, this item comes to you first as a referral from the Rules and Open Government Committee who that committee discussed ways to deal with essentially communications about city business, using new technologies, text, cell phones, personal e-mail. And so what staff was directed to do was come up with some suggestions as to how these types of technologies, whether they're communications, received during council meetings or communications that could fairly be considered public records, how they could be dealt with. And staff came up with a couple of suggestions which the Rules and Open Government Committee is recommending. The first deals with essentially communications received during city council meetings. There is a current policy that the council deals with, has to follow, and that is the policy on disclosure and sharing of material facts. That policy provides now that any facts that are learned outside of the decision make process, about an item on a council agenda, that would actually influence a councilmember's decision, needs to be disclosed, and there are methods to do that in the policy, if it's a written -- in written form, that can be provided to the City Clerk who will make that available. If it's something that a councilmember learned orally, verbally, then that can just be reported out. The proposal would essentially expand that policy and require disclosure also of communications received and read during the council meeting. The kinds of communications we're talking about would be either direct or indirect. Direct communications are of course any communication that's received by the councilmember and read. Whether that's on a personal cell phone and it's a text or e-mail or personal e-mail using a personal e-mail address or any other form of communication. An indirect communication would be a communication that's received by a member of the council staff. And then communicated to the councilmember during the meeting. But this has to be relevant to any item on the council agenda. We're not talking about text from your roommate or member of your family to say, we need more milk at home, make sure you stop at the grocery store. It has to be relevant to an item on the agenda. Administrative hearings are for example when the Planning Commission renders some decision and that's appealed to the city council, you are then making a decision in the context of an administrative hearing, and to the extent that an applicant or his or her agent makes some communication to you or other members or essentially to the members of the council, that's the sort of communication that would need to be disclosed. Or the other sort of communication that would be relevant to an item on the agenda would be from any person who supports a decision that the council is going to make where the council is going to take some action and has a financial interest in that particular item, and obviously you're making legislative decisions all the time. So if the council is making some decision about some pending legislation and someone has actively supported or opposed, the item and has a financial interest in that piece of legislation and communicates with you that would need to be disclosed. Essentially what happens is the item comes up on the agenda, you may or may -- if you received some communication again whether it's a text or on there -- up there on the dais, your city e-mail address or personal e-mail received on a PDA, before any action is taken then that would need to be disclosed, much in the way you do your lobbyist schoars disclosures made that you and your staff met with a particular lobbyist. So that's how that's anticipated to work. And I can move on to the other policy unless you want to ask questions about this particular policy.

>> Mayor Reed: Councilmember Kalra you want to wait? Okay, go on to the other one.

>> Lisa Herrick: Okay. The other one is even simpler. And that basically is a change to our public records policy. Something, what would not change is that something's got to be related to the conduct of the public's business. Again, any communication that is about, you know, meet me in the lobby and we'll walk over to flames for lunch is not related to the conduct of the public's business. So what we're talking about is really items that are -- is related to City's business. But to the extent that a communication is sent or received by the mayor, councilmembers, or any of your staff, on personally owned devices, not city -- not in any way coming through the city network, then to the extent that we got a public records act request we would disclose those communications.

>> Mayor Reed: Okay, Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. A couple of questions and I'll start with the disclosure of material facts. So I just want to get a clear picture here. It looks like if it's -- it's pretty clear a party or agent of a administrative hearing, it could be somebody here planning a permit or a zoning issue or what have you an applicant or his agent, that's one example. And number 2, indicates that the financial interest has to be there in the decision. So with the number of the policies we make, I mean, it can be just had an issue, the previous issue talking about you know, disclosure of information or what have you, someone as far as you know police and the IPA and all that if someone had an opinion on that, no financial interest that's not an example of something that would have to be disclosed?

>> Lisa Herrick: That's correct. Although I do want to clarify just any party or his or her agent on a two part test and that's got to be someone who's actively opposing.

>> Councilmember Kalra: One or two? Anybody who actively opposes that's number 2, newspaper 1 is any party or agent of someone that's involved in the administrative decision.

>> Lisa Herrick: Exactly.

>> Councilmember Kalra: So I'm referring to the second part now is that if we have a resident, if we're here talking about budget or resident texts or e-mails or in we're sitting up here, I want park maintenance to be fully funded that's not an example?

>> Lisa Herrick: That's correct.

>> Councilmember Kalra: And then on number 2 -- is it appropriate to handle that situation, where we get the -- let's say a personal e-mail address and oven:00 times residents may have personal e-mail address what have you, and e-mail me there and I just forward it to my city address, that's an appropriate way of handling it so now it's on the city e-mail?

>> Lisa Herrick: It is. And you should know that to the extent we produce records pursuant to personal request awe do protect that e-mail would be redacted of your constituent and not actually .

>> Councilmember Kalra: I got it thanks.

>> Mayor Reed: Any other questions? I have no cards from the public on these two items moving together as one matter. Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. First of all thank you for bringing this back, and I appreciate the questions that my colleagues -- my colleague has asked. Very simple question. How are we going to enforce this or sit just an honors system?

>> Lisa Herrick: It's a council policy so to the extent any member of the council were to violate a council policy there are other procedures for all of you to essentially deal with the conduct of your fellow councilmembers, and so that's the way --

>> City Attorney Doyle: It really is the honor system because the city doesn't have access to your personal -- you PDa or your personal e-mail so to the extent that you don't turn it over and somehow it's discovered then the council could take appropriate action. But it really is an honor system.

>> Councilmember Campos: Thank you for that clarification. I think that we're all going to do our best to abide by this but I think that sometimes that we've set policies up that gotcha, and we've talked about that a lot. And I know that someone maybe using their personal e-mail for one thing and may mention something in there. But it's not really related to the decision of how they're going to vote but may mention a particular policy. So I think there is a lot of room for personal interpretation on some of the things you've laid out. But I appreciate the City Attorney clarifying how we're going to enforce this, that it really is on the honor system, and with that, those are all my questions.

>> Mayor Reed: I think that concludes the council discussion unless staff has something to add. Do we need a motion on these? Motion to approve. All in favor opposed, none opposed, those are approved. Item 3.2 is a report on the open government initiatives of which there have been many initiatives and many months, yet we're down to years on this project. I don't know if Tom Manheim and Lisa Herrick can see the light at the end of the tunnel or not but they have done a lot of work and our staff has done a lot of work and the council has approved many things. Now I have a report on that.

>> Tom Manheim: Thank you, Mr. Mayor. It's a very brief report. This is our one year check in after we began implementation of sunshine and open government. And I would say very simply that implementation is proceeding well. I'm not going to go into a lot of detail, given some other items on your agenda today. But the requirements for early meeting noticing is in place. More information is going out in the agenda packets. And I would just note that that now has been extended to our boards and commissions as well. So there is a great deal of more information available for the public should they choose to avail themselves of it. We are -- I think our process for responding to public records has been improved notably. We respond faster, and our public records manager Tom Norris has done extensive training throughout the organization so that I believe the organization understands the new requirements. Our information on lobbyists is ton city Website, and as -- on the city Website and as you all know our public calendars are available for review. The next steps for us will be simply, or I say us, using that broadly, for the city attorney's office, will be to actually create the open government ordinance. And I will not commit to a time line on that. That will be a significant workload. But I can assure you that even absent that ordinance we are operating under all of the proposals or policies that have been approved. And that concludes my report.

>> Mayor Reed: Questions or comments on the report? Motion to accept somewhere? Motion to approve the report. All in favor opposed, none opposed, thank you. That's approved. Our next item is 3.5, action hes related to card room ballot measures. Before we get into this I want to make some disclosures in preparation for this meeting which has been going on for quite some time. My staff or I have talked with lots of people including Ed McGovern, in the staff leadership, Ron warner for bay 101, Cindy Chavez from the labor council as well as representatives of the Garden City and including a meeting that I had with bay 101 and senator Corbett that was attended by Roxann Miller in case anybody has any questions on that and we are doing this in the backdrop of some state legislation that was carried in the senate, two bills carried in the senate last year one of which ultimately was vetoed by the governor. That was senator Florez's bill and the bill that senator Corbett carried, both of which could have potentially affected our ability to regulate our own clubs. And to keep the revenues in the City of San José. And although I don't think we need to get too much into detail today, I think it's important that we continue to move ahead on dealing with the work plan that we've laid out around the card rooms. Senator Corbett remains interested in seeing what we do, although she did agree to not move her bill out of committee this year, it was a two-year bill, and we appreciate that, to give us some time to work on these issues here at the local level. With that we'll have a staff presentation on the work that they've done since we asked them to get this ready to -- very quickly to get ready for a decision next week, which is the drop-dead date for us to get something on the June ballot.

>> Good afternoon, Deanna Santana deputy City Manager, with me today is police chief Rob Davis, are Nora Freeman, Margaret McCann, and in back we have Richard tang, the city's gaming administrator and Roxann Miller who came down from Sacramento to respond to any questions should they arise . At the February 16th city council Sr. budget workshop staff was directed to 2010 community budget survey. Which links the increase of

card room tables to an increase of card room tax. There was also direction to seek input from both card rooms on a proposed ballot measure and at that time staff noticed that it would like to come back wn w an update on the card room work plan. Staff first like to provide a quick report on the mutually decided upon work plan between the card rooms and the city. The request to establish a work plan was in light of the various concerns regarding regulation and business growth opportunities that card rooms expressed. At our first meeting in November four items were identified. The first is the regulation -- is regulation and cost. In response to city council directed an audit and the City Auditor has modified her audit schedule to complete this month an audit on regulations specifically licensing and permitting and a collective review of the draft audit is scheduled for March 26th. This audit will inform the next steps for the administration to address these concerns. The second item is the expansion of permissible games. card room input and state approval. In short, one game and its many variations is now counted as one game type toward the 21 game limit. In January, the card rooms acknowledged that implementation was going well, although reserve concern for the 21 game limit in future years. The last two work plan items require voter approval or municipal code amendment. With respect to item number 3, betting limits the card rooms expressed concern about the $200 betting limit and the ability to remain competitive with surrounding card clubs that do not have betting limits various options that could be explored. Card rooms were asked to provide options for the city to evaluate and city staff is awaiting that information. The last work plan item is the increase of card room tables. The card rooms expressed a desire for the city to seek voter consideration of an increase in card room tables but one card room felt strongly that due to existing space facility constraints regulation was their higher priority. Based on work plan item number 4 before the city council is the proposed ballot measure language that accomplishes an increase of card room tables and card room tax. I should note that for this ballot measure to pass a 50% plus one vote is required. Just to refresh our collective memory, I've included the survey results that the proposed ballot measure features that the city council requested. However, as noted in the supplemental memo the card rooms did express disagreement with the proposed ballot measure because it fails to address their concerns for business growth. Alternatively, the card rooms fully addresses their work plan items such as increasing the card room tables, the ability to place state-approved games as well as eliminating the betting limit. The card rooms also indicated disagreement with the proposal to apply the 15% tax to all tables. But noted that if alternative ballot measure features were approved the 15% card room table would be supported on all -- the 15% tax on all tables would be supported. Noted on this slide are the ongoing revenue projections that could be achieved based on staff's recommendation to tax all tables. These revenue figures have changed slightly due to the mid year budget review and the revenues were adjusted downward and the changes to the table revenue have increased based on the application of the 15% tax rate. At the workshop the council reviewed a 2.9 figure which was based on the 13% tax rate. I must add that one card room would not be able to put into place the nine tables in the short term and that both card rooms expressed concern for revenue projections without additional ballot features that enabled revenue growth. With that provision a 15% tax on all tables could generate between 3.6 million and 5.25 million annually and may vary based on other factors just noted. Moving forward, in order for a ballot measure to advance to the June election, the city council would need to act by March 9th. If the city council were to approve placement of the ballot measure on the June ballot then city staff would prepare the necessary documents to file with the registrar of voters by March 12th and would prepare informal information Al pieces for the that conclusion the presentation. We realize that there is some difference between what the city council directed on February 16th, as well as the card room input. We are here to respond to questions as well as to return next week with any alternative ballot measure language should that be the direction that the city council would like to proceed with.

>> Mayor Reed: So our time line is, whatever we decide today, has to be put into a final final final form, that we would approve on the 9th. And that then has to get to the registrar by Friday or something like that.

>> By Friday.

>> Mayor Reed: If there's any change in direction or language we need to deal with that today, so you -- staff has time to draft it up in final form.

>> That's correct.

>> Mayor Reed: I need to add to the staff presentation. Since the meeting that the staff held with the card rooms, I did get a phone call from Ron warner representing bay 101 and he indicated that they would support a ballot measure if they got the nine-table increase, and that would include a 2% increase in the tax, if we followed state

rules on betting limits in the games. And there's also a letter I think circulated in the council packet from the Garden City club. I saw a memo from I think Eric swallow. With that, do we need to have some council discussion? Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. First I wanted to make my disclosure that I had a couple of phone discussions with Scott Hayden from Garden City before this meeting. The concern I have right now is, if we're really ready to go forward if we don't have a consensus from the card clubs. There's still a number of items where we haven't reached an agreement. I know that due to the budget constraints, and the budget timing, now is the right time to go. But going without knowing what our chances of opposition or significant opposition in a funded campaign concern me. Given the fact that we have the audit coming out, at the end of this month, from the office of the auditor, and then we could, you know, have that as one more thing for us to discuss, I don't want to delay, but I'm just concerned that if we're unable to address those issues, and I don't think I saw anyone here from either of the clubs to even discuss it today. I don't know, I just wanted to kind of put that out there and see what other people think and we'll go from there.

>> Mayor Reed: Pierluigi Oliverio.

>> Councilmember Oliverio: Mayor Chuck Reed, how are you? Rick Doyle, City Attorney, question for you and maybe this is City Manager related as well but currently I think the California betting limits, $450, we have a $200 betting limit. In 1983 we raised it from 80 bucks to 200 bucks so basically a 20 year hiatus in raising the fee we make a each deal, there is a gross receipts and each transaction that's played. My question is if you were to raise the rates and there were less total deals done, number of times cards were played, would that lower our revenue if Fred, the person who plays cards, only has so much to spend?

>> City Attorney Doyle: Let me just go back a few steps. First of all my understanding there are no betting limits under state law. So state law is, the sky's the limit. The $453 mum I believe is if we took the $200 number we adopted in the '90s and ran it out at the present time with the cost of living, the $200 is $453.

>> Councilmember Oliverio: Got it.

>> City Attorney Doyle: The city isn't an equity partner. We get a 13% tax on gross receipts. The amount of money that's based on, the gross receipts are table fees, card rooms charge table fees and they don't have a stake in the bets. They just have -- it's basically the playing. To the extent there's a reduction, whatever may cause a reduction in play, and reduces table fees, yes, we would get a reduction. But I don't know if there's any correlation between betting limits and the level of play. I don't know if the City Manager, Deanna or anybody has any thoughts on that.

>> At the January working group session we asked the card rooms that direct question, we wanted to understand the business model. It does seem counters intuitive that the increase in the betting limits would increase the amount of bets and therefore they would lose revenue however the card rooms suggested that the additional amount that is being requested is to really attract folks that tend to leave the city to go you out and play higher bets at either Indian gaming or regional card rooms. And so they felt and expressed that they really felt this would be cost-neutral from a revenue generating perspective and that it didn't impact the way that we thought the revenues would come to the card rooms or to the city. Which caused for us to realize that what we were talking about in terms of betting limits is by far more complex, there's a lot of different options that the city could explore, as well as additional considerations that we may need to be aware of to really thoroughly understand the implications in the current environment.

>> Councilmember Oliverio: Okay, I think that makes sense to me that you could probably gamble unlimitedly on the Internet or Reno or Indian casinos. My feedback as a councilperson is as to the language, I almost would feel better as a voter, to preserve essential city services X, X and X, state law allows which allows them the nine tables which is what we have proposed to do, which allows them the flexibility on games. But I'm a little hesitant on maybe the betting limit on the sky's the limit. I'd be considerable with allowing it to be higher comfortable, ooms and the card clops I've not met with the card clubs on this topic but that's my feedback to the council if we try to decide if we want to push this through next week I would certainly feel that you know they allow them the flexibility

that state law allows to have different games. I'm not a gambler, I'd rather buy a shirt. In the end if that's how they run their business, that's how they run it.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. There's no question that we're in extraordinarily difficult economic times. And when we look at the city budget for next year there are no good choices. So we will have to make cuts to vital services. We're going to have to find more revenue. We're going to have to make cuts if necessary. None of it is a pretty picture. And it would seem that this -- this gives the voters out there an opportunity to have their voices heard. It gives them an opportunity to vote yea or nay, it's up to them. You know there's some weighing that needs to be done but they are absolutely the people that need to make the final decision. So in reference to that I'd like to put a motion on the floor. We can certainly continue with the questions but it would read as the following, and that is: Direct staff and the City Attorney to include the following language in the ballot measure for council approval next week. And it would be, one, to raise the card room tax from 13 to 15%, I have a copy here for you, you don't have to write it all down. Increase the number of card tables by 18, so each club could have nine more. Permit the card rooms to offer any card game which is legal in California, and play card games only by rules permitted by state law. And then, of course, conduct the necessary audit. Do we have those audits yearly? I couldn't see it anywhere in the materials and I know it is fairly frequent.

>> Second.

>> Mayor Reed: Let's get the motion. Is that the whole motion?

>> Councilmember Pyle: We have the whole motion. And a second.

>> Mayor Reed: So Councilmember Pyle on the motion you had a question.

>> Councilmember Pyle: And the question is, we conduct an audit yearly?

>> City Attorney Doyle: Are you talking about a city audit or audited financials from the card rooms?

>> Councilmember Pyle: No city audit.

>> City Attorney Doyle: No, Sharon's shaking her head. City Auditor is in the audience as well. You can add that as a proposal. That part of the ballot language.

>> Councilmember Pyle: It's necessary, conduct city oversight and audit it's loose enough that if we felt more than one needed to be done there's a possibility.

>> Mayor Reed: Okay, on the motion I had a question on the betting limits, since I don't play cards, and I don't like to gamble, I'd rather buy a hat -- [Laughter]

>> Mayor Reed: Texas hold 'em, I understand it's like the most popular game in the country. They even have it on TV. Why people would watch it on TV I don't know, but they do. How do the current betting limits affect the ability to play that particular game? Because I've heard that it somehow makes it impossible to play the game here.

>> We're going to let our gaming administrator explain, who completely understands wager progression.

>> I need to qualify that first. Completely, that's scary. With respect to the wagering limits on the no-limit Texas hold 'em, people can lose up to what they have staked at the table. Meaning that they can only lose up to how much they have wagered, going into the game. It does not mean that a person coming can lose the farm in one hand. Okay? So --

>> Mayor Reed: But wait a minute. So the betting limit's $200. I am standing there with a whole stack of chips. Then they say all in. That's more than the 200 betting limit.

>> Yes. Currently upset patrons wager $200 per wage per hand. And that is with the Texas hold 'em game the most they could go in would be $200. So in essence, they are not loud to play the no-limit Texas hold 'em.

>> Mayor Reed: Okay, that's the way it was explained to me so thank you. Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I'll be supporting this motion. I think, as Councilmember Pyle has said, completely, that we're in tough times. And this is not a complete solution. But it's a piece of many pieces of solutions that are come together, to get us through this time. And we have heard, you know, as evidenced by the poll, that there's community support for this comprehensive solution. And I want to thank staff, the mayor, the Chief of Police, all the folks that have been involved in putting this together for their work and hopefully we can continue to work with the folks that are a little bit unsure, but I guess Garden City we'll work with them so that they will be amenable to this. So you know, I support putting it on the ballot, and I wish us all good luck in it getting passed.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Mr. Mayor, I did not include anything in reference to the betting limit. Because I wasn't quite sure I needed input from the professionals in reference to the best way to word that. Someone may want to -- I think that's why Rick is talking right now to one of the experts. And I also want to disclose that I did talk to Benfield and Cindy Chavez.

>> Mayor Reed: Okay, we need to resolve that issue about your motion whether or not it changes the betting limit. It's not clear from the motion to me, City Attorney.

>> City Attorney Doyle: Well, the language, one of the elements is permit card rooms to offer any card game which is legal and only permit card games that are permitted by law if that encompasses betting limits it's probably better to give us specific direction so we know if that's your intent to include betting limits.

>> Mayor Reed: That's the intent.

>> City Attorney Doyle: As limited by state law which is really no liment .

>> Mayor Reed: Okay, that's the motion in front of us. Councilmember Campos.

>> Councilmember Campos: Mayor I just want to disclose that I did talk to Cindy Chavez head of the South Bay labor council.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Just a question, you know, the proposal that we're seeing today, you know, it's some new concepts. And one question, or one comment in regards to the limits. And I'm curious about how card rooms operate. You know, I would -- like the mayor I probably would watch Texas hold 'em instead of curling, or something, depends on what the options are. [Laughter]

>> Councilmember Kalra: But I know that in traditional casinos, the Nevada casinos, limits go up is that consistent with this kind of gaming facility which doesn't have the same games as the Nevada casinos?

>> Richard Tang. Would that benefit the city or the card rooms or anything else ? I don't think so every hand the $1 paid by the patron to play that hand. Does not matter what that limit is. In other words, a person walks in bets $20 on the table on a California style blackjack game. He pays $1 on that one particular hand. If this same person were to bet to wager $200,000, the card room gets $1 also.

>> Councilmember Kalra: Well, in terms of I think what I'm gathering in looking at some of the correspondence from the card rooms is that the question is not just a matter of adding tables but adding the flexibility to have higher or no limits, so that they can have tables, you know, that attract a wide range of customers, so that the

tables are full. It seems that what they're saying that adding tables by itself won't necessarily build tables. I don't know if that's something that through your experience you can reflect on in that by having a wider range of limits would that help to fill those tables as opposed to adding tables with the current limits set in place?

>> What the card rooms brought to our attention is you're correct adding card room tables alone won't address the business growth opportunities that they seek and in order to get more revenue generated that a more fuller approach needed to be taken and that is the increase of the betting limits or the elimination of betting limits as well as the ability to put in more games that the state approves. But with that we did acknowledge that there, with the short time frame, there was -- there was no analysis in terms of the impact to title XVI and the city's ability to understand the obligations to regulation.

>> Councilmember Kalra: So would the city, in terms of revenue, could stand to gain is just that there's more revenue generated 50 card clubs and therefore not necessarily the per-table revenue but the overall revenue to the card club?

>> More -- more competition -- they're able to compete with the regional card rooms which then results in more revenue to the card rooms and more betting which then turns into more revenue for the city.

>> Councilmember Kalra: And regardless, or under the assumption that the motion passes and comes back next week with some language, with updated language, and for the record I do agree with Councilmember Oliverio that if there is going to be amended language that it be a more affirmative in the sense that what's happening what's occurring already is legal, it's just a matter of allowing a broader service under what's currently legal. But if it were to return next week I think that some of the questions that you raise regarding title XVI compliance, I know it's short but at least having a report on the individual items that are being suggested here, in addition to what ballot language would look like, would probably be helpful. Thank you.

>> Mayor Reed: I had one question that wasn't covered in the staff presentation. The card rooms have started funding some specific problems with gambling, antigambling proposals, programs we manage through the Healthy Neighborhood Venture Fund committee. If we don't get the money, the card rooms write the checks directly. I've lost track exactly how much money the card rooms are putting into the antigambling problem.

>> For this year Mr. Mayor it's $500,000 each and that's true for the next two years. After that it's a percentage of their earnings after depreciation and interest and earnings and other things.

>> Mayor Reed: Okay so it's $1 million each year between the two card rooms. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you mayor. I share your puzzlement as to why people watch Texas hold 'em. But I do know they get better ratings than city council meetings. I did share a meeting with Cindy Chavez a few weeks ago resumes up to state rules and I was hoping I could check in with our experts here about what exactly the consequences are here because my overall concern here is that as I said a couple weeks ago I very reluctantly might be willing to consider going this direction but really under our terms and not theirs. And you know are chasing the card rooms assent on a ballot measure is a little bit like watching the dog chase the bus. We're not sure the goal is going to be worth the chase. And I'd like to at least hear from the chief and Richard to at least illustrate for us what the concerns are about moving to a world in which we're under state regulatory scheme rather than our own.

>> Rob Davis: I think what I'll do is I'll start and give you concerns I have and let Richard bring up the details in terms of how that may impact what he's doing. Clearly, the PD and working very closely with the card clubs to try and come up with some mechanism where we can meet some of their concerns et cetera in the way that they're doing business but we have a real big concern at the PD about what the proposal is on the table simply because of the fact that if we say we're going to go basically to the state system we know that the state system is not as effective as San José's methodology and it's not just the way we regulate to ensure there are not criminal violations that are taking place but it's also to ensure that the residents of San José get a fair shake with these games cps card clubs that impacts our City's ability to be able to regulate what is it that they're doing. There would be so many games out there that it would be hard to specialize in the enforcements of we already worked close hi with these card clubs to be able to come one a mechanism that would allow them to play more games than they

have in the past because we've loud variations on the type of game to go forward so that's one piece. It would impact our ability to do that type of regulation. It also if you're saying you know it's just an unlimited betting limit there are social costs to this. And it's difficult for us because we don't just deal with the statistics we see on a daily basis but we see the social impacts. And it's not always that you can categorize them or specify those by crime but for instance we don't manage to regulate, we can't regulate how many homes have been foreclosed, there's human impact here our point is simply this. The system that we have, in terms of regulation, is the system that the state and others throughout the state have come to time and time again to come to San José, to see how it is that we regulate because our regulation has done a better job not only of Americaing sure that our citizens are getting a fair shake at these clubs but that they're safer clubs. Even though we have problems at our clubs we have fewer problems at our clubs in San José because of the local regulation. The proposal would basically in my opinion gut the local regulation open up a whole pan of -- a whole huge swath of brand-new policy issues that people just don't really understand how they're going to impact the regulation piece. There are all kinds of ways that we could support what it is that council and others are trying to do in the financial end of it without harming the ability to maintain that advantage that San José has had over these years in terms of regulation. Richard is recognized as the expert in the state. They come to him consistently to try to get feedback on how they should be doing it. But make no mistake, the state is also cutting resources. If anybody believes the state system is going to be able to regulate what is happening in San José that will not happen. We've seen those problems in other cities. So we're just very concerned by making this broad policy change that could impact our ability to do the local regulatory enforcement that has proved so effective in San José. With that I'll turn the time over to Richard tang to make the points he'd like to make.

>> The only concerns from the regulator are that the patrons are getting a fair shake the number one priority. With respect to whether or not those games have been approved by the state whether or not they've been flif analyzed I'm not sure that they do or don't. Although I can tell you that the games we do here in San José we do a full analysis on these games to make sure that the statistical advantage is not only on those people who are banking the games. Okay? There are some current developments lately in the state of California, and that is, one card room cannot bank in its own house. However, one card room can bank at another card room. So that if you have card room A banking at card room B, and the owner of card room B also banks at you know card room A, there is just -- there is this risk that the banking group could be in a more advantageous position than the player, if those games have not been fully analyzed. That's the only concern that I have as a regulator.

>> Councilmember Liccardo: And Richard you've actually very recently with the chief, authorized or recommendation, rather, made a recommendation to expand the number of games where you believe those games have been vetted and they could could be adequately vet regulated, is that right?

>> What we did was consolidate or modify the games into various game types. For instance , we have a list of 19 permissible games. Out of 19 permissible games you may have five of the same type of games. You may have no best 21, you may have a bonus 21. We consolidated all of those games into one game type that would free up the rest of the positions so that the card rooms can have other games. That has been working pretty well since we adopted it sometime about three, four months ago.

>> Councilmember Liccardo: Thank you, ripped. My concerns are really driven by an awful lot of what the chief articulated. Back in 1998 when there was about -- when the legal gaming industry was about a $50 billion industry, the national opinion council, University of Chicago estimated some of the costs, social costs of gam l, easily physical mental health, job losses unemployment and came up with a figure including rates of arrest incarceration bankruptcy, a figure of about $5 billion a year. And that doesn't include many of the nonquantifiable costs things like domestic violence, child neglect, seems to have a causation, though very difficult to establish but association in terms of higher rates of these social ills seem to be commonly associated with higher rates of gambling problem behavior. So I'm very concerned about the social impacts because I know that where the neighborhoods are that that feel those impacts the most, and so I'm very concerned about an approach that says, we're going to do this on the terms of the card clubs. I understand we may need to make a Faustian bargain of sorts with regard to revenues. But I think we do so very, very carefully. So I'm not going to support the motion primarily with my concern about what we're doing with the rules because I frankly don't know if we really know what the consequences are of going there.

>> Mayor Reed: Comirm. Sch thank you. You had had conversation with Sacramento and the concerns they have voiced to Sacramento, I know the council has already made some movement on trying to address some of the most challenging concerns. Can you just mention any that have not been addressed by this point by the county?

>> Mayor Reed: There is quite a few of them actually but the work plan includes addressing all of them at some level. The remaining issues are cost of the regulation, we do have the City Auditor at looking at the regulatory scheme and the cost is a big issue for both of the card rooms. Second is the inability to compete with other card rooms. In ways around games and betting limits and some other things that the 80 other game rooms are able to do and can't do here the expansion is part of this and seeing customers go to other clubs when they can't find a seat in the card rooms, drives the interest in expansion but fundamentally it's about being able to compete and expand and stay in business in the face of competition, not just from other card rooms, but Internet gambling casinos and all the other sores of opportunities for people to spend their money elsewhere. And I think that's sort of a summary of it. We did approve some work back in the fall, and the staff has been working through all the issues with the card rooms. Some of them have been resolved as you've heard today. Some are still in the work plan. But it fundamentally comes down to the ability to compete, which is the message that they've delivered to Sacramento and to senator Corbett and senator Florez both of whom have carried bills and are interested in carrying bills that allow them to compete and survive and grow.

>> Councilmember Chirco: And another -- I talked to Michelle Lu last week and the card rooms have not yet signed the contract for the services for the gambling problems. Albert, do you know any differently?

>> Councilmember Chirco, the report does confirm that at the time it was drafted last week the contracts had not been executed. So Albert -- so.

>> Councilmember Chirco: So we don't know. And I find that a bit problematic. Like Councilmember Liccardo said, that all give on our side, I certainly understand the concerns of the card clubs. You know, their ability to be competitive. But I think part of their trust with San José is living up to their part of the deal. And when they haven't signed a contract, for a program that they set up as kind of a community relations, I find that troubling. I also had a question regarding the calls for service, the reported incidence, and the arrest resulting from calls for service. I noticed from 2005-2006 to current, they have gone up every year. While nine tables isn't a lot, what has caused the increase year over year?

>> I would defer this to Sergeant Fong, if I may.

>> We're going.

>> Rob Davis: We're going to be bringing the sergeant down that actually oversees from the club he can comment but I want to directly comment from the people associated with the unit .

>> Hello sergeant Fong, division of gaming and control. over the years we have seen the card rooms, working with the card rooms, we have increased training so that they're able to identify crimes as they occur more and instead of reporting and cost for service go up as a result.

>> Rob Davis: Councilmember one other thing I might mention to really clarify it. We believe that part of the reason that those numbers have gone up is because of the fact that there's strong local regulation. And we have worked closely with them to make sure that they're reporting what's taking place. So we see that as a positive thing and that they're being more willing to come forward and share with us their issues and we're trying to deal with them as they come up. I want to caution to also be fair to them, simply because there has been an increase doesn't necessarily mean there has been an increase in the problem that exists, they're just doing a better job in their relation to us, but that gets back to local regulation .

>> Councilmember Chirco: I'm kind of the -- thank you very much. I'm a little concerned as Councilmember Liccardo, kind of the removal of all. I do, you know, the reality is, our culture has changed since the card clubs initially opened and they were very tightly regulated. They can go elsewhere but that doesn't mean that we have

to give up our responsibility to our community. I frankly didn't realize that there was no limits at the state on gambling. Is that true?

>> City Attorney Doyle: That's my understanding. And everyone's shaking their head yes, so --

>> That's correct.

>> Councilmember Chirco: And what percentage of the card clubs are located in communities versus -- I know like your Indian casinos, at least my understanding, never really having been to one, is that they tend to be on reservations, Indian land. So what percentage of casinos are in urban environments?

>> I would venture to guess that most of them are, in your neighborhoods.

>> Councilmember Chirco: Well then, it just makes it all the more problematic. On what grounds do we say to our clubs, we're going to restrict you, when other communities haven't? I'd like to find a reason why -- you know, I understand the need for policing. But where do you find that balance between our responsibility for a safe and secure community, versus what other businesses, the idea is to find the balance so that we can maintain access to, quite honestly, what some people consider to be an entertainment venue.

>> Councilmember Chirco, you raise a great point. Because while the police chief has raised concerns from a crime activity and just from other social impacts, we have been trying to address a better balance. We recognize, through our working group efforts, that a better balance can be achieved. And in fact would I give credit to the police chief who in January was brainstorming options on how to address different alternatives with betting limits and assigning tables different betting limits. So that the regulation concerns could be maintained and addressed. But also some flexibility with respect tot card rooms' interest could be achieved as well. But that was in January and we recognize the schedule for our Bluetooth measure and certainlies there the need to achieve a better balance. I would reiterate that.

>> Rob Davis: For example councilmember just one example and we have been doing a really due diligent effort to listen to those clubs to see where we could come to some type of middle ground so we could maintain yet allow them to go forward with their business concerns and one example we gave them was look if you want to raise a betting limit on a table perhaps we could work with you to carve out a certain number of tables on your club that have a higher capacity limit like they do in Nevada so that the majority of tables would orlt tables smaller in number that might have an upper limit. We've already expressed to them our willingness to work on those types of efforts so this is why we're concerned if we just do a blanket sweep and basically give the card rooms everything they're asking for without being able to keep our toe hold with local regulation.

>> Councilmember Chirco: Well then would I go back to the mayor again because you've had these conversations do you think those would address the very key concerns that you have heard from the card clubs? Because on this issue I don't think I've met with anybody. So I've not, you know, I like the more thoughtful approach rather than to just give away the farm in a ballot measure which could well pass. But is that our best strategy for having a balanced approach?

>> Mayor Reed: Well, the title 16 regulations are dozens of pages long. We're only talking about one little piece of it here. So it's not like we're throwing out the entire regulatory scheme. So there's many more issues that they have with regulations, not the least of which is cost. It is the ability to compete that's driven by number of tables and the state rules on games and betting limits which I think is central to allowing them to be competitive, and it is the thing that they can point to when they go to Sacramento to say that we're being unfair to them. And if they were allowed to move to another city in Santa Clara County they could get a better deal which is undoubtedly true. So I'm just trying to head that off by trying to treat them the way other card rooms are treated.

>> Councilmember Chirco: Do you think that would be achieved by unlimited betting? The proposal that's on the motion that's been made?

>> Mayor Reed: Well, that's not the end of the discussion. There are many other issues and as you saw from Garden City they have lots of other issues and as Deanna has raised, central issues from their point of view of

what we need to change, which they're pointing to if we're going to increase the tax they'd like to get something that helps them be more competitive or they're going to have to pay more money those are the two things that have been identified with them is if we're going to pay a higher tax we need to be able to have more revenues in order to pay the tax. And this is a way to do that. Of all of the things that could be done those are the things that they've identified as being responsive to their needs, allowing them to have more revenue that they can then pay us more taxes.

>> Councilmember Chirco: To so the proposed language allows for those conversations to continue, other than the betting limits and the percentage, that's what this ballot initiative would -- and the number of tables?

>> Mayor Reed: The motion that's on the floor would increase the number of tables, increase the tax by 2% and have us following state limits on the games and the betting limits. There's probably a hundred more things on the list that Deanna maybe has that we are still talking about. But in terms of revenues those are the items.

>> Councilmember Chirco: And just for my own curiosity, how many games does the state allow versus what San José allows even with lumping a number of similar games as one game?

>> There are currently no limits. The state does not keep a list of how many games are being offered throughout the state. None.

>> Councilmember Chirco: Well, that's comforting.

>> Mayor Reed: Does that mean there are no limits or the games have to be approved by the state?

>> Let me clarify that. Those games that have been approved by the state they do not keep an list of those games. They have same game with a different variation can be played in various card rooms within the same jurisdiction or throughout the state.

>> Councilmember Chirco: Why do they even begin to say that why does our language even have approval of the games as approved by the state? Mr. Attorney?

>> Okay, so there is some state provisions and I'll ask Richard to correct me if I misstate this. Part of regulation of card rooms, card rooms are restricted from serving as the house or for banking games or ceding jack pots. For a gaming person that might not be very clear but that's a distinction between what card rooms, the games that they're permitted to offer from other card rooms or from other casinos such as the ones in Nevada. They cannot put money in, to start a jackpot for players to play against.

>> Councilmember Chirco: For somebody that doesn't gamble this is now as clear as mud.

>> Richard, you might have clearer words.

>> Rob Davis: Let me try to explain this this way. The state may approve a game called game 1. Once game 1 is approved all of a sudden we find there is 4050 variations how to play game 1. What we do is which specific games you play and even if you change the variation we have the ability to regulate that because I have a smaller number of them and can you swap the ones out you want. We can regulate the the state says any game that the stat has approved is availability and every potential variation of that game is now fair game. And it just becomes a regulatory nightmare. If you're really going to be doing regulation.

>> City Attorney Doyle: And as a matter of fact mayor I think the short answer is, I think already been mentioned but it's really to put them on a level playing field with the other card rooms in the state. So the fact that they reference state law even though there are for example no betting limits under state law they just want to be on equal footing with the other card clubs.

>> Councilmember Chirco: That's what this long conversation has begin me. I'm sorry to have taken so much time but it is helpful to me Thank you.

>> Mayor Reed: Councilmember Kalra. Okay. Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. First I want to disclose that I have conversation with Cindy Chavez and that I will be meeting with Eric swallow tomorrow. There was some questions I would ask Eric tomorrow, regarding to this memo dated February 28th. In the fifth paragraph you say, their solution, they come up with the solution to eliminate all table fees which will only serve as the cost recovery to a system that is simply not working. I would like to hear the staff comment on the system that they feel is not working at all.

>> That is the nature of the audit that the City Auditor is currently making. With respect to licensing and permitting which Garden City has brought to the City's attention that they feel it is inefficient and ineffective. And to a certain degree based on information that I have already evaluated, I believe that there are some changes that need to occur. I'm looking for particularly the results of the audit, information from the recently completed civilianization audit, input from of course the police department and then the collective review that will take place on March 26th so that we can have information going forward in terms of what's the right cost recovery program for regulation.

>> Councilmember Chu: Good, thank you very much. I will not be able to support a motion. I didn't know that there was no limit on the betting, and I do know that there is no games that have not been approved by the state, or is there any games that's not been approved by the state? Sounds like every game under the sun is all approved by the state of California.

>> I need to clarify that for you. Councilmember Chu, that is all the games that are being played, I should say all the games that are being played in San José have been approved by the state, San José.

>> Councilmember Chu: But they want to be able to expand. So all the games that have been approved by the state can be played in San José.

>> Correct.

>> Councilmember Chu: All right.

>> However, there's no such list of permissible games that has been authorized by the state. So every card room stands on its own so that card room A would have 40 different games versus card room B who may have 400 games versus card room C who may only have three games. So the state does not keep track of which games have been approved but I'm sure they are approved games for them in order to play for them to offer for play.

>> Councilmember Chu: That's a fair answer. Question for the chief, what is your sense for increasing the games? You know, not the upper limit but just increase the number, the different type of games that can be played in these card rooms?

>> Rob Davis: My concerns really boil down to two councilman and it is a good question. We have sincerely tried to work with them to try to meet in the middle . The two concerns are this. When you have an unlimited number of variations on games, again it seems a little confusing because you say the games we play here are state approved yet we don't know what the list is. We check with the state and say is it good with you and then we regulate. We have the ability for our staff and others learn what those games are and we can look over the shoulder of people playing those games and make sure they're being played fairly. That's the second piece. First of all if you get too many games being played it makes it difficult to regulate. The question for me is how much regulation is really taking place because you just can't stay on top of all these games. The second piece councilman is we're also trying to protect our residents to make sure they're not being cheated. If you have some games that are much more fair if you will to the residents versus others who are weighted to other individuals and/or banks then the question is are the residents getting a fair shake in the card clubs here. It is the ability to regulate and the un ability for us to make sure the San José residents are getting a fair shake in those clubs.

>> Councilmember Chu: Okay. Another question that I will ask Eric tomorrow and I will throw out today is that, did their revenue, their card rooms revenue, anybody here knows that they actually decrease or increase or stable over the last few years?

>> The staff report provides the lfl of revenue over a ten year period. And what it shows is that over the ten year period, the gaming industry revenue has increased by over 50%. I'm looking for that table here.

>> Councilmember Chu: Is it on page 7?

>> Page 7 the table shows that in 2001 gaming revenue was at roughly $64.6 million and in 2009 it's at $105 million. And the projected estimated revenue for 2010 is $97.6 million. It has been adjusted downward as referenced in the mid year budget report.

>> Councilmember Chu: Great, thank you very much.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you. I guess I'm concerned that whatever we put on the ballot, that we make sure that it has a really good chance of passing. And the residents has indicated through the polls, their support for most of the things we're contemplating, admittedly, the idea of expanding the games and raising betting limits I don't think was in that poll. But the residents certainly, I think by 64% were supportive of looking at this. And I do think that whatever we put together here that we need to put it in front of the voters to let them ultimately make the decision on what's the best proposal we can put forward. I guess my concern is, I think we need the card rooms to be on board with us do. And if they feel that they're not competitive, if somehow they cabinet be competitive, that concerns me because I think we need them to be supporting this proposal as it goes out to the voters. And the reality is that we're bringing in I think over $13 million a year revenue more than that above that as it is with contemplating here another up to $5 million with these additional taxes. So it is a revenue source that whether we like it or not and I don't happen to gamble, I don't like gambling personally, I haven't rlted to anybody close to this it is a revenue that is part of a city that for good or ill we've accepted it and now these businesses are saying they want to be competitive with other businesses. I guess one question I have maybe of the chief is, if this went forward and lined up with the state's rules, and we had had the unlimited betting and we had the -- their opportunity to introduce additional games, if there was a problem from a citizen, how would the audits and oversight catch that? Is there -- obviously I'm certainly not suggesting that we take away all local regulation. Are you suggesting that if we pass this, that we are eliminating all local regulation?

>> Rob Davis: What I'm suggesting is it just makes it much more difficult.

>> Councilmember Herrera: How would you accomplish it if it were to pass? I want to try to understand it because I'm very concerned about the things that you've raised, the issues you've raised how would we handle that?

>> Rob Davis: Our approach has been we've sat down with the clubs and said, if your concerns are that we are limiting to a certain amount of games, how can we come up with a mechanism that if a game has become popular, swap out and allow for variation for those games because these guys are familiar with the games and can regulate that. our proposal is rather than saying we will blanketly say whatever you want to play can be basically played let's figure out a mechanism whereby you can swap in and out as you're currently able to do and let's take a look at the variations. Let's be flexible for that, we believe that we've tried do that but literally if you simply say anything -- if you say that we'll follow the State's rules everything is fair game and we have lost a lot of effective regulation through that how they would try and bring those things forward I suppose the clubs would come with their concerns and say we're being limited, right now there's 21 very, very popular games, we would like to expand five, let's take a look at that. But the residents, who do they complain to? They could complain to us. I don't know how familiar they are that there is this regulatory agency that they can come to. A lot of them don't say anything from embarrassment. Ant the social problems they've had. It's a very complex social problem. That's all the PD is saying, we noticed to be cautious with the details of the language because I'd like to be able to sit down and have my staff explain to me specifically how this will create problems for them from a regulatory perspective and we can work with those clubs from that point but don't limit our ability to be able to do that.

>> Councilmember Herrera: And I guess I'd like to know from the PD or whoever how would you address issues that might be brought up if this motion passed so that proactively how would you deal with it? Apparently other

police departments are dealing with it in other areas where card clubs are being run by the state rules. And the other thing I want to say is it doesn't -- I think when we say anything goes it sounds to me like the state has some parameters and then authorizes those games. They just don't he keep a list. That sounds like not very good housekeeping at best but we don't know that anything goes. I think we need to understand that. But again, I think we need -- we have a business operating in San José. We could, you know, maybe it illegal. We haven't. they want to be competitive, we have to listen to that. I think we need to contemplate, what if they move, what if these card rooms decide they go to Milpitas, and we lose $13 million. Not that they're going to be doing that but businesses trying to be competitive in San José is not a new issue. I'm not pro-gambling at all, but I'm looking at the history and if we're putting this on a ballot measure I think we need to make sure it's going to past upset I don't want to waste the public's money in the cost of an election, thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you. First I just want to ask a question on the anything goes discussion that's hatching here. It's been a while since I worked in vice but isn't there a list of prohibited games in one of the section of the penal code like 329 or 339 or something like that?

>> Only thing I can recall is out of 330.1 is the house cannot bank the games. The only thing I can recall too as well the house cannot offer blackjack, they cannot offer dice games and they cannot offer slots.

>> Councilmember Constant: I thought there were laws like you couldn't play -- you mention roulette and blackjack.

>> Roulette blackjack craps.

>> Councilmember Constant: They're all under that one section. I think when we say everything goes it isn't everything because there is a list of prohibited betting that we don't allow gambling in the state. You know I just wanted to go back to what I said in the beginning. I kept my comments really short in the beginning because I wanted to hear where the discussion went. We're looking at making the decision today and next Tuesday that's going to cost us basically half a million dollars to put something on the ballot for an election where it's unknown whether we're going to have organized opposition or not because we don't have a consensus. Maybe we'll never get consensus but just listening to the discussion we have a lot of unanswered questions that I've heard from -- just from the dais here. And with all that, I don't know if it's prudent for us to rush to get this on the ballot. When we look at that time potential upside, it's $3 million I think or something like that which is less than 3% of our deficit. Should we be rushing forward with something when there's another election in six months? And I would rather see us have things kind of a little more nailed down, versus rushing it at the last minute. I know we've been talking about it for a long time. But it seems like we talked and talked and talked and then within a short period of time it got to the council for discussion. I think it would be best we wait. I know nobody really address that except for rose a bit in their comments but I really think we should be looking at that. And I'd actually like to offer up a substitute motion and that's to punt this to November, so that we can, November's election not back to us in November. But come back to us in plenty of time before the positive election where we're not up on a ten-day or seven-day deadline to deal with this to really explore all the questions that have come up here today. And to have further discussions with the card clubs to really see what their intent is. Because if they do go all out on the campaign, or they do say if you pass this we're going to to move out, I think it's something we need further analysis. So if there's a second we can discuss it more.

>> Mayor Reed: We have a motion -- a substitute motion and a second. So the substitute motion is to kick the can to the November election so we have more time before we have to come up with a ballot language, et cetera. Councilmember Campos.

>> Councilmember Campos: Chief, this goes to some of the thirption that you were just talking about with Councilmember Herrera about whether you have the ability to be able to he regulate some of the things. And i'm wondering with the current -- there was a new motion. My light was on for the previous motion, is as that motion sat, there was no limits on -- betting limits. I think it would be helpful if this motion passes, that the substitute motion, to understand what does that do to impact us if we don't have betting limits? And so there are a lot of questions that I think haven't been addressed. And so I'll leave it at that because I really was speaking on --

wanted to speak on the other motion. But I think you kind of get the essence of some of the things that I'm concerned about of just leaving it without a cap, just leaving it out there for people to bet however much they want.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Understanding where Councilmember Constant's coming from I think that option exists for next week to kick it to November so I won't support this substitute motion today. I think as as far as it's fairly complex but I think it's doable between the working group and how many times you kind of get to the issues that the council's brought up today. I brought up taught laws because it seems like an easy thing to explain to somebody. Two legal clubs, betting limits and games et cetera. My question to a couple here. Isn't it costing us $250,000 to put it on the ballot or is it half a million? And the City Clerk nods to me and says half a million, thank you City Clerk. Second item, does the first motion, Councilmember Pyle's positions, did that put the tax on all the tables or just the new tables? And as far as the mayor --

>> Mayor Reed: The answer was the motion was on all the tables so it would be 2% on all the revenues.

>> Councilmember Oliverio: Okay and as far as Deanna Santana knows, the card clubs were amicable to all the tables unless there is less city regulation involved?

>> As long as theyons ability to play state approved games they commented that they would support 15% card room tax on all tables.

>> Councilmember Oliverio: Okay. And I'll finally say this. We're going to have a week here to work it out. I would certainly be open to not necessarily it be a state law, for example, on the betting limits. If they come back and said a thousand dollars versus 200 worked for them, I'm okay with that. But I do want it to be something -- give you some negotiation power in the week. Because I'm skeptical somewhat on the unlimited. But I think there's some number that will work, and/or if there was some number of game allowed whether it's double, triple, or what, again I am not the pit boss, I don't know the games that are done. I as this comes to me I will admit to having played bingo several times.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. What I would like to do today is to get a sense of where we differ. Because our job as I see it today, is to come up with language that would work. So if we could take each of the items and take a look at whether there's agreement with those, or so that we don't have to start reinventing the wheel. It would seem that expanding the tables was something we all could agree to. Do you want to do that one by one?

>> Mayor Reed: Well, we have a motion on the floor to defer this until November. We could have voted, I suppose, on each item one by one. But I don't think you're going to get a sense of what the council's thinking without taking votes on some of these things.

>> Councilmember Pyle: Well the motion came after I made the motion.

>> Mayor Reed: Right we have a substitute motion to defer it until November. And if that fails then we would come back and talk about the substance of your motion.

>> Councilmember Pyle: Okay.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Some comments on the discussion. One is, you know, as far as the games and what games are selected, they are approved by the state and I imagine that the state approval system is to make sure that the probabilities involved in the game are somewhat equitable, that they're not slanted too far one way or the other. And so the games that are played now are also games that are approved by the state. And there is some

irony in allowing gambling and being so concerned with, you know, with the effect on our community, if we're already saying yes, we're allowing gambling. So I think that the issue with the police department, certainly the crime activity, issues like that, that's not something that's going to go away and that's not something at some point we're going to abdicate, the card rooms would still be responsible in working with the police department to make sure crimes in and around the location of kept in check, certainly. And you know, to the issue of social impacts, if -- it was mentioned if they moved to another city, another city in this county it's not going to remove the social impacts on our residents. To the motion on the table I somewhat agree with Councilmember Oliverio that there's a discussion going on now and Councilmember Pyle, there's a discussion going on now that won't necessarily preclude something different being presented next week. My -- and so I'm not necessarily inclined to put this off. However I am -- the concerns that have been expressed that I share in the underlying motion have to do with some of the -- as Councilmember Chu indicated some of the impacts, and I think there are some disproportionate impacts particularly the Asian American community. And I'd certainly like the card clubs confirm some of the agreements as they indicated they would with some of the nonprofits to deal with that issue. Because certainly any consideration of expansion and even if we don't expand there's an existent issue that certainly would appreciate the card clubs working with some of our folks in the nonprofit sector to help some of the folks in the community. Thanks.

>> Mayor Reed: I'm not going to support the substitute motion. I think we should move ahead because I think many of the issues we've talked out today can be resolved within the next couple of days with some conversations with a few people. And that if we come back next week and we still have a vast number of questions and problems then the council could at that time decide not to take action next week. But I think if we were to approve the underlying motion then I'll give the lawyers a chance to draft the language, talk to the card rooms, clarify their positions, because I believe that both of them based on what I've heard are supportive of this motion. Although it's a little bit different in some ways and we'll find out first if we're going to have opposition from the clubs. I think it dooms any tax increase to failure. But it's not clear what their position is based on some comments but I think both of them would be supportive. I would like to give staff a couple more days to get this worked out. I think it's worth investing a few more days in it because the rate of loss between a June election and a November election is about $400,000 a month. It would be the effective revenues more or less with the tax increase of this measure. So I would like to at least a few more days hang on to the possibility of getting those revenues starting sooner rather than later. So I'm not going to support the substitute motion. Vice Mayor Chirco.

>> Councilmember Chirco: The comments you just made mayor are the concerns I had. And you addressed that the staff could come back with some information on the concern, you know what are the agreements that the clubs are willing to, and if you feel that by next Tuesday there can be some answers to some of these questions, then I would withdraw my second to that motion, that it be deferred til November. Because those are the answers I wanted is what you just outlined.

>> Mayor Reed: It was Councilmember Constant's motion, is there a second to that motion? The motion dies for the lack of a second. We're back to the main motion which was made by Councilmember Pyle. Councilmember Liccardo.

>> Councilmember Liccardo: I agree that we should continue working on this. I guess one question I had sort of a 10,000 foot question was that the club that decides to move outside of San José but into an adjoining jurisdiction so they're no longer subject to our regulation, by expanding the number of card tables now we just expanded the capacity for another club to move in? And assume the new allocation of tables?

>> City Attorney Doyle: Let's go back to the state legislation that was proposed. Right now there's a very limited ability for the card clubs to leave. One of the measures that was proposed would have allowed it, and then would have taken the tables with it. And there would have been some challenges probably on our part but that was one of the major concerns. So that's been -- that's in the background. That bill died. But not to say it couldn't be resurrected.

>> Councilmember Liccardo: Okay, so still to be determined potentially by the state legislature. Got it, thanks.

>> Mayor Reed: Vice Mayor Chirco.

>> Councilmember Chirco: So I just had a question about the motion that that is currently on the floor. Does that allow for the discussion to come back that you were referencing there?

>> Mayor Reed: The language would come back next week and we can have however much discussion we need to have to get comfortable with actually putting it on the ballot. Because next week account is the decision to be made. So if all the questions aren't answered then the council will have to decide whether or not they have enough information to move ahead.

>> Mr. Mayor, as part of next week's report it's going to be important for -- we've been moving so fast on getting the original report and the supplemental staff out. I've been working on corrections to title 16. I think you're correct that title XVI has a lot of regulatory issues. There are a ultimatelied important for us to bring forward what those implications are so that we don't ignite fear where there doesn't need to be but that we also make council very much aware of its decision.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: .

>> Councilmember Chirco: Wait a minute I wasn't --

>> Mayor Reed: Sorry.

>> Councilmember Chirco: If this motion passes there will be a second chance next Tuesday to -- okay. Thank you.

>> Mayor Reed: Same time next week.

>> Councilmember Chirco: Look forward to it.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you. And I think it would help if we could look at the item and see where the major areas of controversy would be. I suspecting at this point that it is the limit of the games.

>> City Attorney Doyle: I think we already under title XVI that we have the independent ability to do that. Under 3, permit the card rooms to play any card games which are legal and I read that as potentially two separate things and that's something we're going to need to have further discussions but we can come back with various language and it is motion peace the council can decide then if they want to put something on the ballot.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: City Attorney if I understand correctly on the movement of card club it requires a council vote is that correct? Allow it to change location?

>> City Attorney Doyle: Well right now we have amended the ordinance, card clubs are allowed to modify to certain areas it would have to come through your normal land use process to allow them to come forward.

>> Councilmember Oliverio: Out of ceurts, court, plighting of the venue.

>> Councilmember Oliverio: So no?

>> City Attorney Doyle: No.

>> Councilmember Oliverio: Thank you.

>> Mayor Reed: I have one request from the public to speak on this item, Ross Signorino. Take that testimony now.

>> Ross Signorino: Thank you, Mr. Mayor. [Italian] this meeting was going along, the two Italians here, nobody got it. Did you get it? Great. But nonetheless, this meeting was moving along half-way, I would say, everything was moving so smoothly, sounding so good and everything, until Councilmember Liccardo who's training probably in the District Attorney's office as a prosecuting attorney brought up some hard questions to the Chief of Police in regards to how many calls they've had from the card rooms and the Chief of Police mentioned that they've had, quite a few increase in call I believe that's the way he said it because of better reporting. They report more. And that's okay, and probably we're going to have some more calls from the card rooms if we increase the card tables. And probable more children left in cars, when parents go in and do some gambling. There's been a lot of that, too. And then another thing, the mayor said that these two issues are the main thing that he wants to put on the ballot for the June vote. But he says there's about another 100 other items that has to be discussed. Now, what those other hundred items are, I don't know, he didn't have time or didn't want to take time to explain even maybe 25 of them and let the other 75 go. But we can handle that, we're a big city, after all the he 13th largest city in the United States. We could do that. But nonetheless I for one, I for one am not against gambling and all of you sounded so innocent, that was the most amazing thing about gambling. I tell you, another thing probably you put this on the ballot, I'll probably vote for it you know, I just don't like to see all the expense and the difficulty the police department is going to have.

>> Mayor Reed: Thank you your time is up.

>> Ross Signorino: I'll quit now. Thank you.

>> Mayor Reed: Back to council discussion. Councilmember Campos.

>> Councilmember Campos: Thank you and thank you Ross for those comments, you gave all of us a good laugh. Rick, a couple of things that I just wanted to ask. So this is going to come back one more time. You're going to do some analysis of some of the questions that were brought up, and do an info memo or will that come back with our packets with the council before a final vote is done?

>> City Attorney Doyle: I think by Friday we would have a memo plus a proposed ballot language which would be in the form of a resolution.

>> Councilmember Campos: Okay. I was in our study session was supportive of moving forward to be able to understand what the ballot language would look like. But it is still not clear to me what direction we can go, and what limits we can put on gambling. So I'm going to reserve, I'm going to not support the motion right now but I'm going to reserve my final decision for next week.

>> Mayor Reed: All right, we have a notion on the floor made by Councilmember Pyle. I think it's time to call the question. All in favor? Opposed, opposed, we have a show of hands on opposed? Councilmember Chu, Councilmember Campos, Councilmember Nguyen and Councilmember Liccardo opposed, so that passes on a seven-four vote. Councilmember Kalra is also opposed, a 6-five vote we'll bring this back next week with some draft ballot language and answers to some of the questions at least. So come on back next week, folks. That concludes item 3.5. Our next item is item 3.6, the audit of decentralized cash handling.

>> Sharon Erickson: Sharon Erickson City Auditor. Very briefly the item before you involves acceptance of the audit report. The issue in front of you is the bike license issue from the committee. In our report we documented the cash collections for this program, for the bicycle licensing program don't really justify continuation of the program. In 2008-09 the city collected $636 in bike license fees.

>> Mayor Reed: We have a motion to approve. All in favor? Opposed, none opposed, that's approved. Item 5.1, psychologist of contingency funding for happy hollow park and zoo renovations and improvement project. Motion to approve, all in favor of Danny the dragon. Opposed, no one opposed, that motion carries. Item 5.2, family camp permit and status report.

>> Albert Balagso: Good afternoon, mayor and council, Albert Balagso, director of Parks, Recreation, and Neighborhood Services. I have with me Mark Marnie, deputy director of parks maintenance services. The report before you is San José family camp. san José family camp is operated under permit by U.S. forest service and we've done that since about 1968 and we have been in the process of renewing the existing permit towards another 20 years and part of that processing required that we do a master plan on the site. While doing inspection of the buildings and the infrastructure as part of that process we identified an unsafe condition with the dining hall on the site itself. The dining hall provides all food service for family camp throughout the season. And with the recommendation from Public Works that it would not be inhabitable beyond the 2009 season, we researched out options on what we could possibly do to continue the operation of the facility. And the solutions that we had worked through had a cost of approximately $200,000 to $300,000 of a short term fix and a shore-up of about $400,000. In each case the timing would be anywhere from seven to nine months to make any of those interim solutions. With that timing we would not be able to meet the deadline to open up family camp for 2010 season. So as a result, what we're recommending is that we continue with a -- allow the City Manager to negotiate an extension of the existing permit to allow us the time to work with the U.S. forestry service and the parks department to allow us to get us open for the 2011 season. In addition to that we recommend closure in 2010 because we don't feel that we could provide a safe and quality experience for campers, for this year, coming up. I would like to just point out that the recommendation enclosure is not based on a budgetary action, it's based on finding a problem with our infrastructure and that we want to ensure that if and when we do open, that is a safe environment for everybody. That concludes my presentation and we're available for any questions you may have.

>> Mayor Reed: Thank you. We have some questions from councilmembers, also have people here who want to speak on this item. Would councilmembers like to take their questions first or public testimony? Councilmember Liccardo you're first up.

>> Councilmember Liccardo: I'm happy to listen to the public. Whatever you prefer.

>> Mayor Reed: Why don't we take the public testimony at this time before we get into council discussion. Please come on down when I call your name so you're close to the microphone. Michael Jennings, Richard Chaviro, I think, Raymond Berlot. If I mispronounce your name I'm sorry but you'll correct it when you come down, I'm sure.

>> I'm Mike Jennings. Gamp. I live in District 3. I'm a member of friends friends of San José family camp and my family has been participating there since 1990. My family camp is a success story. It's provided services for thousands of our citizens and paying for its own operating expenses. It demonstrates the can-do attitude that's typical of Silicon Valley and particularly San José. I'd like to encourage the council to do whatever is necessary to keep this camp operating and there's three items that I'd like the council to consider to do this. first on funding. We'd like to revisit the measure P funds that have not been spent to see if we can provide the sports fields that are currently supposed to get the remaining funds for 95% of the allocation instead of 100% and provide family camp with the other 5% to replace our main dining hall with a winterized facility and make that improvements. If we had a not to exceed amount of about 100,000 this amount would about equal a $1 donation from every San José citizen. And it would be less than .05% of the original measure P allocations. And this is for a facility that serves over 5,000 San José citizens every year. Second item we'd like to see some expediting. We'd like to direct Public Works to direct expedition of the plans and get the plans that are necessary and be able to erect in time to start the 2011 season. This would also allow procurement of those long term delivery items that we might need like for example a new building and arrangement of the subcontracts. And lastly the third item communication. We'd like to provide an active location on the city people camp Website with the plans and the schedule and the progress for this renovation. This would allow the campers to make plans for what they're going to do in a timely fashion and would allow the friends group to provide whatever support we can for the project. And also this would give us a place to ask questions and provide suggestions to keep this thing moving. San José family camp's a real --

>> Mayor Reed: Sorry your time is up.

>> Okay.

>> Mayor Reed: Richard Chaviro is our next speaker, followed by Raymond Perlot, George Shaner, Karen Gillette. Any takers, come on down please, don't be bashful. I know you're not, sir, come down and speak.

>> My name is Ray Perlott I've been a camper at San José family camp for 25 years. This would be our 26th. I'm very disappointed in the way the parks and recreation has handled this. There are a number of people who, this is their only vacation in the summertime. They can afford it and it's a fabulous vacation. I suggest that each and every councilmember go up there and see the camp. Participate in it. It's a wonderful place to be. The people that -- who did not hear that the camp wasn't going to be opened, and that is recommendation, now have to find other means of vacation. That's not an impossibility, but it's one that families look forward to. Not necessarily even San José citizen families. Families from all over the Bay Area. I feel that it was -- they took way too long to come to the conclusion that they didn't want to open the camp this summer. And had I not called the San José Mercury News, the citizens would not have had the opportunity to even know that it wasn't going to open. I think it's prudent for the city council to can them to move very quickly in the future to try and move things forward. They knew about this in August, and I believe they have not moved fast enough. They knew they had a time line. So I -- my only statement is, I'm extremely disappointed in the parks and recreation department in the City of San José. I don't believe they were acting prudently with this. And that's all I have to say.

>> Mayor Reed: Ripped Chaviro, George Shonher, Karen Gillette many Tom bonzac. Come own on down folks.

>> Hello, my name is Karen Gillette, I'm a citizen here. I want you to know that San José family camp allowed me to take my two children, I'm a single mom, I wonderful and carefree time for them. My older son as he got older got into some trouble, he got into some druks and alcohol. If it -- drugs and alcohol. If it wasn't for San José family camp he's quite sure he would be in jail right now. San José family camp provided him, the campers looked up to him as a camp counselor, when he worked there, he cleaned up his act and worked at family camp when he was in his early 20s. The mentors, people who work at San José family camp, mentored him and helped him stay on the right path and also the third thing is he was able to live in a pristine wilderness environment near Yosemite national park, which is where camp is located. And that really took him out of the environment, the city environment here of San José. And gave him a wilderness experience that really helped to change his life. Since then, my son has joined the military, this is a picture of him when he graduated from boot camp. He has been in the military now for a couple of years. He wouldn't be there if it wasn't for San José family camp. He firmly believes. He served in Washington, D.C, been with the honor guard, he served in the White House. He's been to the pentagon serving. He's also been to Arlington national cemetery serving. And we really believe, as a family, and he believes, that if it wasn't for San José family camp, giving him this opportunity to get out of the city, and to support him as a young man on the right path, that he wouldn't be serving his country today.

>> Mayor Reed: I'm sorry your time is up.

>> Okay, thank you.

>> Mayor Reed: Richard Chaviro, George Shonher,.

>> I'm George Shanher, I'm a San José resident I've attended San José family camp for 35 years with my family. Over and above that it's been about 65 visits. In some years more than one visit, in one year it was four times. We've never missed a season and I would prefer the camp would be open this summer but now, time is apparently too short. But would I like to just ask that the council provide direction and whatever funds are necessary to parks and recreation and Public Works to assure an on-type opening in 2011. San José family camp is part of my family life, our family life, and for the City of San José a tradition a resource and a treasure. Thank you.

>> Mayor Reed: (saying names).

>> Good afternoon. Friends of family camming is a dedicated to maintaining family camp for the enjoyment of all campers. We have helped to keep camp open for 30-plus years through natural disasters, floods, so high they washed out two bridges, fires that threaten the camp, the kitchen floor that needed to pass health code. We had the help of a local company come in on Easter weekend and install floor. There were only three companies in the state that could do this type of job. They did it for free, with the help of volunteers. We were able to get the kitchen

up and running that year. The friends of San José family camp would like your support, and would like each and every one of you to visit San José family camp at our expense so that you may become advocates of San José family camp. And by I mean our expense is friends of family camp. Thank you.

>> Mayor Reed: Sorry sir, could I get your name because I've lost track.

>> Paul Bonsak.

>> Mayor Reed: Paul Ochipenti (saying names).

>> Hello Albert. I'm going to be here to say we had a citizens awareness meeting at Leninger center last Saturday. Over 100 voters came from every district. We sorted their handwritten comments by district and sent their summary of ideas along with the package. And each of you should have that on your desk. There's a tremendous amount of support, and not one individual in that group said we should close San José family camp for 2010. I honestly believe there are lower-cost ways to make the building safe. And I would suggest to the council, before you vote on this measure, let's revisit it in detail. And I believe it can be done for less cost, using contractors. And one of the ideas that was presented to us was, contractors work, they can work for free, for a free vacation in the future. And I honestly believe, and will thank you for your support, if you try and get our camp open for this season. Thank you very much.

>> Mayor Reed: Gary Solomonson, Mimi Benny.

>> Yes, good afternoon honorable mayor and councilmembers. I've been practicing law in the City of San José for over 30 years and for more than 25 years have been associated with San José family camp. Initially as a camper and then later as amember of the friends.of of family camp. My main purpose here and it's already been said by some of the other members is to request that the council give their highest priority to ensuring that the camp if it can't be open for 2010 is open for 2011 which involves new dining facilities. And that would include having some priority in the planning, in the bidding, and in the funding of that project. Little history. In 1974, the council had a vote before it to recommend that the camp be closed. Primarily because the forest service wanted or required $250,000 worth of capital improvements. That would be equivalent to a few million at that time. The friends were formed at that time to support the camp and get the community involved and to urge the council to keep the camp open. And the friends support has continued for over 35 years. We provide volunteer labor special skills input in the planning maintenance and operation of the camp, fundraising for camp equipment and we also have provided financial support for disadvantaged families to come to camp. Again in 1974 the council chartered two small planes and flew up to the camp, as most of them had not been up there and as I believe most of you have not either and they voted to keep the camp open . Today we have two generations of San José --

>> Mayor Reed: Sorry your time is up. Last speaker is Mimi Benny.

>> Mayor Reed, and councilmembers, my name is Mimi Dini. I've been a resident of San José since 1970. I've been a family camp attendee since 1974. It's been 35 years. This would have been our 36th year. We were a family of five who could not afford a vacation. And we were able to go to family camp and experience the wilderness, the outside nature. The camp was pretty rugged at that time. In the last 35 years it has greatly improved because of friends of family camp. I'm here to talk about it being one of the best assets that City of San José has that we can offer our people here in San José, an opportunity to go out to the wilderness, be away from all electronics, no TVs, no telephones, no iPhones, none of that stuff. Children play, they laugh, adults laugh, we have a great time. We play games. We have three generations that go at this time. I'm now a grandmother of six grand sons. And we meet there every year and have a family vacation. We have now brought -- our group is numbering over 70 this last year. Also, we have brought, I think, maybe over 700 people to family camp. And all of those people have brought people. So now camp is full, to probably 95% capacity. There's like a waiting line to get to camp. It is an experience that we don't have an opportunity to offer our children or our citizens, and we are in competition with Berkeley and San Francisco, both of whom have camps within four miles of us. If you visit any of these camps, San José by far has the best location and situation than any of these other camps. So I recommend all of you if you have young families, if you have grandparents, parents --

>> Mayor Reed: I'm sorry your time is up.

>> Please come.

>> Mayor Reed: That concludes the public testimony on this item. We'll now have some council discussion. I had a couple of questions to start with. The first family camp crisis that I can relate to was early in my term as a councilmember, so that was about eight years ago, I think. Somewhere in there. And at that time, we had capital maintenance that needed to be done and no money. And one of the things the council wanted to try to do was to get to cost recovery on the camp and hopefully to create some sort of a sinking fund for deferred maintenance. I know that some of the other cities that were mentioned that have camps, have some funding or sinking funds for ongoing capital costs. But what's the state of our funding, are we at cost recovery and are we making any money to set aside for capital?

>> Albert Balagso: Mayor Reed, the cost recovery target for 2010 is 90%. We are approximately tracking at that amount but I need to qualify that, that the cost recovery formula that was established when we set these targets a few years back was for direct operational cost. So that's what the cost for staff on the site, to operate that camp. It does not cover the cost of the lease payment to the U.S. forestry service or capital costs. Those are coming out of the capital budget.

>> Mayor Reed: Okay. Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. I recognize that this decision has all the appeal of issuing pink slips to elves in the north pole. The last speaker talked about the rugged start that this camp had 30 years ago or more, when she first started coming with her family. In the memo on page 3 it states that the camp is not currently set up to allow for self-cooking of food. My question is if we went back in time, to a camp that essentially was available for folks who wanted to come and cook their own food, without the benefit of a kitchen or dining hall, A, could we do it in a way that's safe and B, what would make that infeasible?

>> Thanks, Mark Marnie, deputy director of parks and recreation. I don't know what camping was like when it first started. I know that the dining hall has been there for a period of time. So the dining hall there very well may have been some dining services available, I'm not sure. The way camp is set up right now it's not set up for car camping. We don't have space in -- at each of the cabins that would allow for picnic tables and some of the other amenities you'd have. We also have concern about food lockers, we don't have -- there are bears in the area so we don't have lockers set up in the individual sites, we have situations in the kitchens but not in the individual sites. We don't have open fire set up in the individual sites so there are a series of things that basically are issues that we'd have to look at dealing with in order to create a car camping environment and then we'd need to look at how we would administrator that as well.

>> Councilmember Liccardo: And as I understand it is the real problem is in the structure of the dining hall not in the kitchen is that right?

>> That's correct.

>> Councilmember Liccardo: As a proud representative of a district with a very prominent large tent, some folks affectionately refer to as the south hall, how hard is it to put up a semi permanent structure until we can get into the next season to undergo construction?

>> Erecting a tent really isn't a significant undertaking . The issue is that we would need to go through the process of demolishing the existing structure that's there, that would require, you know, some plans and permitting for that work, and then you could get in there and do the erection of the tent. If you were going to look at maintaining the kitchen, to -- because at least the most cost effective way to do this would be to demolish just the dining complex, retain the kitchen and then do a tent just for food service, there'd be some obviously some construction involved in shoring up that new end of the building. So there is some construction work involved in it. The actual tent erection really isn't a problem. However, there isn't another great location to do -- you know we looked at is there another spot somewhere else on the camp that we could maybe use the kitchen and then remotely bring the food over to the tent? You know it's kind of a tight area there so really the spot where the dining hall is, is the best

place to serve the food. So the best solution is to demolish the dining hall, bring a tent in. It's something we could do but it's the permitting of it.

>> Councilmember Liccardo: With 36 acres, maybe it's not one tent, maybe it's a couple tents. Isn't it possible that we could put up a couple tents for relatively small amount of money, use citywide C&C to deal with the demolition issues in the meantime, and just give people a safe place to be able to dine while the construction is going on?

>> Albert Balagso: Councilmember Liccardo it's the logistics of the site. The dining corridors are situated up against a hill. And then in front of it is the Tuolomne river. And the rest of the residential tents are on the other side of that. The next large area is the meadow and that's a little bit of a hike away. So it's -- the idea is to keep and again if you do separate tents you have two kitchen facilities or two serving facilities that we've got to set up and it's another staffing and loijts issue. The best operation as the mayor pointed out how do we make it cost recovery as well. So it's putting in an efficient model that we can also live to that expectation as well.

>> Councilmember Liccardo: Okay. From what I understand from the end of the memo is that there's really no General Fund savings here at all. Whatever we believe the $57,000 that would be used to fill the operating gap would essentially go right back into whatever we were doing at the time of demolition, is that right?

>> Albert Balagso: That's correct. It's basically a wash because we still have to pay the lease payment to the U.S. forestry service and we still have to do some monitoring of the site and keeping it buttoned down.

>> Councilmember Liccardo: You know I'm at a loss because I haven't been to family camp full confession, I should go I realize it's right on the Tuolomne it must be a beautiful site. I guess I'm just a little puzzled that we couldn't find a way to be able to find some space somewhere near the kitchen to be able to accommodate dining. You know, obviously I haven't been there so I don't know. But I don't know, do you have any kind of pictorial representation that could help us understand?

>> Albert Balagso: Well, as I say it's tucked into a corner with the river in front of yourself. And ow would have to gather 250 people in that one spot .

>> Councilmember Liccardo: Okay.

>> Albert Balagso: And you can't put another tent, there isn't room to put another tent without demolishing something in that corner.

>> Councilmember Liccardo: And you considered rotating dining hours and so forth so you didn't need to serve all 250 people at once or --

>> Albert Balagso: We do that -- the dining process goes on. Because when the bell rings everybody comes out and there's a line waiting out there and families rotate in and out.

>> Councilmember Liccardo: Okay.

>> Mayor Reed: Do you have one of those triangles that you ring like on the ranch?

>> Albert Balagso: We have a bell. Everybody comes when the bell rings.

>> Mayor Reed: You weren't kidding in the bell. Councilmember Constant.

>> Councilmember Constant: Us that hoe we serve dish at our house. If they come when we ring, they get fed, if they don't they got don't. Over the next couple of months we'll be having discussions about impacts to programs and none of them are going to be easy . In this case we're talking about a property run by the City of San José that's 150 miles away that has about 4,000 total people use the facility of which just barely 3,000 are San José residents on a annual basis. That's .3% of San José population. We know that's a loss in capital recovery, that's operations loss, that's not the capital money we put in on a regular basis or semi regular basis . As we have gone

through this budget process we had a whole priority ranking study done of -- at program level by the City Manager and we've had lots of discussions about what things we do are essential and what things we do are discretionary. And I think it would be hard to justify this as a mandatory thing that we must do. I think this is clearly a discretionary operation that we have that's not only outside our city but serves a very very very small percentage of our population. Now when we're doing those things that are completely discretionary, I think it's really important that we operate not only at cost recovery, but at a level that is beyond cost recovery of operations but really, self-sufficiency, and in fact, if they're completely discretionary, I think they should turn a profit so they can offset some of our losses in other places. Because we know just in PRNS, the difficulties that Albert's having reaching his budget reduction targets, and the impacts that we're going to have in our neighborhoods, just from the parks department, PRNS budget, that thousands, tens of thousands of people are going to be impacted all throughout the year. Now, I know we have this long term agreement with the forestry service and we can't just simply walk away from it. And I don't think that would be prudent to do, either. But I'm going to take a stab at a motion that I think will give us some options and then after I do that I'd like to explain if I get a second of course explain my reasoning behind some of this. The first would be to -- I'm going to be reading it from the staff's recommendation. I'll let you know when I'm adding stuff in. A would be adopt a resolution authorizing the City Manager to execute special use amendment number fowf foir with the USFS to extend the permit of family camp to December 31st, 2010 and extend the amendment up to two additional years through December 31st, 2012 and here's the added portion for purposes of negotiation and analysis, and then continue on, with the rest of the sentence, if additional time is deemed necessary to complete negotiations for a potential, word added, 20-year permit renewal with the USFS. B, take it exactly as it is, C, to direct the City Manager to return with, A, a plan that could bring the operation of family camp to full cost recovery, including the amount necessary to amortize the cost of needed repairs over a period not to exceed ten years, and which includes the establishment of a sinking fund to address the other anticipated and unanticipated needs of family camp in the future, and D, direct the City Manager to return to the council at the same time this other plan comes forward, with a plan for a potential exit strategy and what the implementation -- sorry, what would be the implications of closing family camp and discontinuing our agreement with the USFS and what that would entail in terms of so we as a council can evaluate the plan with all of the options on the table. So that's my motion and I'll explain it a little bit further if I get a second.

>> Councilmember Chu: I'll second.

>> Mayor Reed: Is there a second? So we have a motion on the floor.

>> Councilmember Constant: So my thought thought is number one as I mentioned it's a discretionary service but it is a discretionary service that is used and is used from many people. We have heard from several today I know I've received tons of of e-mails and faxes and other communication relating to this. But I think, when we're doing something that's discretionary, it really needs to be self sufficient. Not just cost recovery but self sufficient. I know we've had the friends group, we have heard from many of them here that could potentially be part of that plan to step up efforts if that's what it takes to get it to that self sufficiency level. But in the real economic world that we're facing right now, with deficits that we know of up to $116 million and potentially growing at least for next year, and looking forward for five years at least of deficits in the city, we have to be able to analyze the costs and the potential savings of getting out of this completely discretionary service. And when we have both the information of a plan that allows it to go forward, so that the families that do utilize it can utilize it in an area that's in a manner that's self-sufficient and a true analysis of what it means if we get out of the business of something that I think arguably is not an essential service, then I think the council, and only at that point could the council make an informed decision on whether we should go forward on not. Thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I regret to say I haven't been to family camp but I really appreciate everybody here who came to describe the wonderful experiences you've had there. And it makes me kind of proud that we have family camp. Certainly been to Yosemite and I think it's very, very beautiful there. And I really appreciate all of the letters and the information that was provided by the friends group going into details and some very thoughtful ideas for proposals on how to -- how we can work to improve and maintain family camp. So I just had a few questions. And I share the concerns that Councilmember Constant raised about making it cost recoverable. But as far as closing it down this year I'm concerned I guess that we're not going to release any

General Fund savings by doing that. We're going to have to maintain the payments, we're going to have to maintain personnel there. And if there was any way given the situation we find our community in with people being out of work and this being one of our options for a low cost in our community, I'm following up on Councilmember Liccardo said if there's any way of doing some temporary structures, I have a lot of faith in PRNS and Albert and our team there, if we put our heads together we could come up with alternatives for this summer. I haven't given up and I don't know where that fits into your motion Councilmember Constant, but I -- if we were seeing tremendous General Fund savings that would be more compelling to me. But I don't -- I want to see the community be able to have access to it even on a temporary basis if that were possible. So I would really like to have staff look into that. So I had -- I had some other questions. Looking at the numbers of visitors to family camp it looks like 98% of them are from San José. Well over 90%, I mean you're talking 3,000 versus a few hundred from outside. Am I missing something?

>> Albert Balagso: I believe the number is about 70%.

>> Councilmember Herrera: I looked tired but differential fee at he least? Bels there is a nonresident fee that they are charged.

>> Councilmember Herrera: Okay, I'd like at that to see if we could maximize that because they're not certainly they're outside and certainly they would understand if they had to pay you know more. And have you had a chance to look at some of the recommendations that came forward by the friends group? And did you find any -- did you see anything in there that might help us with dealing with these issues?

>> Albert Balagso: We have not had the opportunity to look over it completely. But there are some -- to mark's point about some of the points that we can do, the car camping is one that we had explored but there are some issues getting to that point logistically that is going to make it problematic plus we would have to negotiate with the U.S. forest service regarding open flames, beyond the areas that we have designated. With respect to the building itself, I can defer to Dave Sykes, if there's any questions about shoring up the building. The solutions we were looking at were from the direction of Public Works that what it would take to get this building up to code. I would not want to put the people into a substandard building once we've determined it's a safety hazard.

>> Councilmember Herrera: Building code, I understand you don't have the breakdown on that but you maybe do .

>> The two options, one was the complete demolition of the dining complex and that was actually a little bit more less costly than the partial demolition leaving the kitchen. They were in the two to $300,000 range, approximately $200,000 range for the demolition work and then there's additional cost associated with bringing the tent in for the different alternatives.

>> Councilmember Herrera: And I guess we don't really know what the cost is for providing tents or temporary accommodations?

>> We did look at the cost of leasing a kitchen, a portable kitchen, and then leasing and/or purchasing a tent structure. And I believe that the tent structure was probably more economical look at a purchase if we were looking at a two to three year window based on when we might get a permanent building in there and it was in the $30,000 range.

>> If I could add a little bit, Dave Sykes assistant director of Public Works. The partial demolition project would include demoing part of the building, constructing a wall, shoring up the remaining building and there would be bracing required in that permanent building so there would be construction wee one of these alternatives is going through the permitting process in the different county typically we're the building official on buildings we'd be going through a different process. And in essence working with that local staff to come up with a safe plan for what could be several years. I think is really what we've thought about. So there's I think a lot of uncertainty built into our schedule. I think the other part of the schedule issue that I heard was that most of it would be really going through plan development, building permits, procurement process, actual construction really wouldn't take that long. But to be able to do all of that prior to opening, which I think the hard opening is in June --

>> Councilmember Herrera: May or June.

>> Would be very challenging and I think we'd have to really go through a process of declaring this an emergency so we wouldn't have to go through normal procurement process.

>> Councilmember Herrera: So the real problem is the planning, the preplanning and getting the permits and that's what -- that's a lot of why you're saying that this season is pretty -- pretty difficult to actually open it, because of that process?

>> We've looked at a great deal of different alternatives, structural alternatives. I think we've all kind of gotten most comfortable with the alternative with tearing down half the building just because that would remove many of the issues and structuring the tent. But even that alternative would require all these steps that I just mentioned.

>> Councilmember Herrera: That is daunting. I just want to mention before I leave this some of the ideas that were brought to us by this group which I think should be considered because we're looking at -- I was trying to explore a short term thing which doesn't look like it's very feasible but we do have to look at the short term things. They talked about approaching Santa Clara County and forming a joint venture. Assigning staff to investigate sores of corporate and foundation funding registering the dining hall as an historic building, seeking additional funds for restoration. Identifying contractors that might want to work and contribute which I know we've talked about, Albert, on other projects. A low cost retrofit planned plywood base cross basing and cables. Keeping the kitchen open and modifying the meal plan, less food choices, patio barbecue, outside eating, lower the capacity and limiting the number of campers per day, shortening the season and I just wanted to make sure that your ideas were heard and hopefully we can work towards at least getting this camp open in 2011. Thank you.

>> Mayor Reed: Sounds like we're the ones complaining about the bureaucratic red tape for a change. It will be a switch. I'm going to support the motion. I think the analysis that Councilmember Constant has said i'm a big fan of camping. I've been every kind of carchling you can do, car camping, tent camping, I know howed the Williams canvas tent that weighs as much as a Volkswagen, in case you need an extra big old tent because I get one that never sees the light of day these days. Just an alternative, just an option. Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I have visited family camp for a recommendation from an attorney who lives near my home and he said, it was along the banks of that river that I studied for the bar. And I thought I've just got do see this place. So I went up with my husband, son and daughter, and they just loved it! Just thought it was great! My sister or my daughter has said many times she wanted to go bark and the one year she can do it it's not going to be open. So I agree, it's such a marvelous experience for people of all ages. Everybody gets something from that. I agree, whatever we can do something to help people out but what I'm hearing is that it's not going to happen. I mean the possibility of trying to put something together is pretty remote.

>> Albert Balagso: We've gone through a lot of different scenarios of how we could make this work. And it's you know, each one leads us to the same point. We've got to do something with the existing structure, we have limited place. If we look at a cost operating model, if we did operate with fewer campers then the General Fund contribution goes higher because I'm not recouping revenue to offset the costs. So I'm trying to do the balance of not impacting the General Fund while trying to work towards a solution towards the future.

>> Councilmember Pyle: I really like the idea towards a sinking fund because it would be a shame to ever close it again. Do you still have problems with the water?

>> Albert Balagso: It's ongoing. It's natural occurring and sometimes an animal or there is cattle in the area as well. So that was part of what we were looking in the master plan of what is a long term solution to that. And we have two wells, actually, and one of them works well, and one of them only runs for 15 minutes. So it doesn't work as a backup. So you have to look at in the future, do we get another operating well to offset when we have a naturally occurring E coli.

>> Councilmember Pyle: And health concerns are way up there. Talk about being expensive, somebody getting sick up there --

>> Albert Balagso: It is the wilderness.

>> Councilmember Pyle: Thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. I also have not visited this site but sounds like it is very beautiful. If I visited for bar there sounds like I wouldn't have passed, it's too beautiful. But a couple of questions on Councilmember Constant's recommendations and the motion he put forth and just I haven't heard any comments from staff on it. You think it's -- these are appropriate recommendations and would you be able to get that information to us relatively I quickly?

>> Albert Balagso: Creating a plan for sustainable, I don't believe I could turn that around in whether we can make a decision towards putting a solution to a 2011 solution. In order to get to a 2011 solution I'd have to bring something back in this year's budget process and get it approved so Public Works can then move forward with a plan to either tear down the existing feafl facility or you know whatever our solution may be. I need more time I believe in order to look at what would be that full recovery operating model. I'm not sure that I could deliver it within that time frame.

>> Councilmember Kalra: And I certainly sympathize with you Albert, I know this is one of many other issues on your plate right now in terms of maintaining the services that we offer through our products department with the budget coming and the cuts we have to offer up in order to balance the budget. So I do have a question with regards to the actual analysis that was done. It indicates first of all, that the most favorable of the alternatives would be the $400,000 alternative. Is that essentially the shoring up the existing, the entire existing building?

>> Yes, that's correct. The initial work that was done was actually looking at maybe a couple of different levels of repair work to the building. And the $400,000 option was the one that we felt was the best alternative, primarily because it gave us a little more security that the building would be viable for that three-year, two to three-year period. Some of the other options were a little less comprehensive and so we thought that the one was the best option.

>> Councilmember Kalra: So the most favorable, it's considered most favorable because of the security offers but certainly the fact that it only lasts for two or three years sounds like a big investment for just a two or three year solution. And I'm certainly leaning more towards the alternatives that are mentioned which already were discussed which includes having a tent type facility there. You're going camping anyway, there are a lot of good options for that and the partial demolition of the building, I'm in mind --

>> Let me clarify that if I could please. The first alternative that was looked at was a series of alternatives for building repair. Following that is when we got into the analysis where we looked at the complete or partial demolition of the building. So at this point, you know, the $400,000 option was the best alternative we felt if we were repairing the structure. The other alternatives are clearly viable options and we'd want to look at those particularly because they're reduced costs.

>> Councilmember Kalra: Well they're reduced costs and looking at the facial one or the cheaper alternatives either way they're temporary solutions.

>> That's correct.

>> Councilmember Kalra: The point is why invest all that money for a two or three year fix if you could spend less and probably get it up and running more quickly, maybe not, I'm not sure about that. But if there's an opportunity to do the demolition and offer some kind of use of it this sen, that's not feasible or depends on other factors outside our control like the permitting process. Well then, I don't know if that's something that can at least be encouraged and maybe even added as part of the motion if it does -- following the time line in terms of permitting and so on if there is an opportunity to do a portion of it, for example, the permitting goes through more smoothly than anticipated, we're able to get the permitting done and the kitchen facilities shored up such that at least food can be produced and served, and some of the short term fixes that were referred to as transient -- even

for one season if folks are going to camp personally I don't see what the big deal is putting trash cans around and tree stumps around having people eat outside. I know you have a greater plan greater provision that may not fit into the construction time line of putting in a relatively permanent facility for the next two, three years. But I would certainly like to see at least the exploration of some usage this year, if it's possible. So without -- without assuming what can be done, because I know that the three of you know a lot more about this facility and about the possibilities and the permitting issues than I do. And so I don't know if that's something that Albert you'd be comfortable if -- assuming that it was even considered by the maker of the motion to essentially add a line that suggests that the staff as much as it's feasible try to have some usage this year, with all the other factors that come into play.

>> Albert Balagso: The option -- we looked at various options. And when we try to do a reduced operation, it starts to lean more towards more reliance on the General Fund to supplement it. Because it's going to be a greater cost in order to do it that way. We had a very good year and it was working towards the operational model that we had been kind of forging forward in the last three years and the denial hall was a big part of that. And that unfortunately is the challenge that we have before us today.

>> You know, another concern in there was, we looked at this option of getting in and trying to do some of the demolition this year prior to the season. One of the concerns we had is that folks make plans. And they plan months in advance for an event. And so if we got into a demolition, and we're not able to -- and sold reservations and weren't able to deliver, we were in a bad situation. So with the likelihood being slim that we could produce some, we thought it was better to come out and make a statement now, helping people directed to other alternatives rather than having them banking on something that they would be disappointed later.

>> Councilmember Kalra: All of this comes from we definitely see the passion of the folks who use the camp and the volunteerism of those that are willing to help. No matter what we do going forward if we're going to maintain a stake in this camp it's going to be with the help of the volunteers that are willing to chip in. And I think that the 73% cost recovery rate is better than -- I mean it's not terrible. We're close, we're relatively close to that 100%, where if why do is the modifications in our procedures and get some more help we could get to that 100% cost recovery. But given with the fact that it sounds that any addition to the motion that asks you to come up with solutions is likely going to have you come back to us and ask for some significant contribution from the General Fund to get it done at a accelerated rate, I agree with that rate that Councilmember Constant it's just unrealistic that the council is going to be able to in a short term just for the sake of saving this season, invest a lot from the General Fund. And I wish -- I wish that weren't the case. But I think rather than raise the expectations of the families that use it, with the potential that they may be able to use it this year, if everything falls into place and if we're going to be able to find money from the General Fund with over a $100 million deficit I'd rather just go ahead and support the motion that Councilmember Constant has put forward and let's work as diligently as possible, the staff as well as the community to make shirr we can keep this tradition going in San José for many years to come.

>> Councilmember Chirco: Councilmember Chu.

>> Councilmember Chu: Thank you, Vice Mayor. Question is, how -- is there any comparable campgrounds in California? I mean, how much are we charged? What is the fee structure for our camp compared with the state camp or some other privately run camp? I'm not a camper.

>> Family camp is not a -- is a little bit different model in that we provide food at the facility. There are other like experiences, as it was indicated earlier. Berkeley has a camp. Concord I believe has a camp that are on similar models. And we're priced you know in the market for a like experience. So we don't see that there's a huge margin that we could increase our prices. But we're -- you know we're moderately priced.

>> Councilmember Chu: How much are we charging per night per --

>> So lodging per night, in a tent, is $22 a person.

>> Councilmember Chu: And we provide the tent?

>> Yes.

>> Councilmember Chu: Okay.

>> That was a 2009 number.

>> Councilmember Chu: Thank you.

>> Mayor Reed: I think we had a couple more questions from some of the other councilmembers.

>> You know, excuse me, I just want to make sure I'm clear. I believe that's resident rates with proof of residency, 16 or older was $55.

>> Councilmember Chu: 55, for three meals and the tent.

>> Yes.

>> Councilmember Chu: Thank you.

>> Mayor Reed: Any other questions? We have a motion on the floor. Albert.

>> Albert Balagso: Mayor, may I clarify the motion? You're asking us to come back with the business plan. That's prior to coming forward with the even an interim solution?

>> Councilmember Constant: No. I think that item A gifts you the opportunity to be work on this up to a period of two years with the extensions on the long term plan. I really wasn't prescriptive on what we do this year. I would imagine, and this is up to the City Manager that perhaps there's a small reserve amount set aside for interim investigation and potential solutions that can be done through the budget process. But I'm really concerned about the long term how are we going to make this work and sustainable for the long term or how do we get out of this situation for the future? Whichever way it may be once we have the analysis.

>> Albert Balagso: So our target would be working towards a solution for opening on a an interim level on 2011 while going back doing the long term solution with what we do with family camp in the future?

>> Councilmember Constant: Yes.

>> Mayor Reed: But for 2011 you still need moind.

>> Albert Balagso: That's correct.

>> Mayor Reed: We're not making any budget decisions, today, and this has to compete with $100 million of priorities. And that's Councilmember Liccardo.

>> Councilmember Liccardo: We're not saving any General Fund money with whatever decision we're making, is that faish?

>> Albert Balagso: That's correct.

>> Councilmember Liccardo: Okay. Whatever we'd use for demolition or construction of a tent or whatever, that would come out of citywide C&C?

>> Albert Balagso: That's correct.

>> Councilmember Liccardo: That isn't out of our $100 million deficit, it's a separate pot of money. I know there's knot a lot of money there. Buttal better, I venture to guess this is one of the closest to full cost recovery, not one of the closest? Is that fair?

>> Albert Balagso: It's doing pretty well.

>> Councilmember Liccardo: .

>> Councilmember Liccardo: What would it take in a perfect world if you come back in a few weeks and decide operating ongoing basis?

>> Albert Balagso: That's the analysis that we would have to do and actually put a business plan together.

>> Councilmember Liccardo: Okay.

>> Albert Balagso: And I think even as we look, if the scenario were to rebuild the dining hall, to what level do you rebuild it? And what's the occupancy that you would rebuild it on the basis of the camp itself? So we would have to kind of crunch all those numbers together.

>> Councilmember Liccardo: Okay. I appreciate this a lot analysis and all that. The reason I'm not jumping on board here is because if I thought for a moment we could save just enough money to preserve a single park maintenance job in the city on our parks I'd say sure let's shut this down because I agree this isn't maybe as heavily utilized as many of the parks in our own city. But I just -- I hesitate to do it because I don't see the immediate savings and obviously there's a benefit that's provided here to the community and so that's what I'm struggling with. And I appreciate your saying there's some feasible problems in getting other structures in place. I agree with you that opening for half a season is not a solution, we can't be half pregnant in this. You get a drop in revenues that means you have to hit the General Fund. I guess it might be helpful in terms of explaining to the community at some point, just to be able to show whatever physical constraints you have in being able to put up structures, just so people understand what the challenges are, and I'm not sure I get it. I suspect they may not get it either and maybe that would be part of the ongoing communication that could help.

>> Mayor Reed: I think that concludes the council discussion. We have a motion on the floor by Councilmember Constant. Any further discussion on that? All in favor? Opposed, we have one opposed, two opposed, Liccardo and Herrera opposed, so that passes on a three opposed, Pyle, passes on an 8-3 vote so that concludes this item for today. Clearly not for the long term. Our next item is item 6.1, a grant application for San Carlos multimodal street improvements. Councilmember Liccardo did you want to speak on that?

>> Hans Larsen: Mr. Mayor, I have a very brief presentation given the time. The action before you is -- relates to approving a specific grant but wanted to take the opportunity to provide a brief status report for the city council on the status of other transportation grant programs. This is both a good news and a bad news story. First the good news is in the last month we've secured about $2.5 million grand funding for good projects within the City of San José. You can see them listed here. The first one is the one we're asking to you approve here this afternoon. We've also received funding for a 237 bike trail improvement and more traffic signal timing work. The bad news is, is that given the current fiscal climate that we have, we're going to be increasingly challenged to secure future grants. The key reasons to that is that through mid year council actions, we have drawn down on the reserves that we have for future grant funds. We also, in order to get grants, you need to front the cost of the grant in order to receive the reimbursable. And so we're faced with a situation where we have very low cash balances to be able to front grants. And we're anticipating with staff for planning work supports grants. The reason we bring this up is because we're foreseeing a lot of opportunities, with grants coming down the road most significantly in $20 million in pavement maintenance funds coming to us in the spring, and you can see the list here on other grants that are lined up and that we would like to be able to compete for. There is a couple of mitigating actions that we would like to focus on to help for us to be competitive with future grants. These are reducing local match requirements. Another one, and this is an action before the VTA board, this week, is to have the VTA provide assistance for local jurisdictions, to support grant development work, and we're also considering internal city loans. So just wanted to give council a quick heads-up that with the -- with the challenge fiscal environment we certainly want to get grants but it does take money to be able to secure those. And we'll work through the options the best as we can to continue to be successful in getting grant funds. So be happy to take any questions or support of the council action or on the larger perspective. Thank you.

>> Mayor Reed: We have a motion to approve the staff recommendation on the San Carlos multimodal streetscape improvements. All in favor? Opposed, none opposed, that's approved. Item 7.2, various graiments Santa Clara valley water treatment for water treatment facility.

>> John Stufflebean: Good afternoon, John Stufflebean director of environmental services. I'm very pleased to bring to you today the effort of several many, many months of work by a lot of people. I did want to mention that a couple of district staff were here but they had to leave. Keith Whitman and Hussein Ashtarab were there and they asked me to express their gratitude for the great work, especially thanking the mayor and Councilmember Oliverio and Councilmember Chu for your work on the task force and I'd like to add my thanks to that that really that was the critical thing in getting this thing kind of over the goal line of setting up the Liaison Committee and meeting to make that work. They also wanted to note that the district board, last Tuesday approved this enthusiastically and they think it is a real milestone in terms of moving ahead in this initiative. So I do have a brief presentation. And this slide just shows something we've been working with for about the last two years in terms of how the district and the city have common interests. I'm not going to read it all but you can see that there are -- there is a significant overlap between the district's interest and the City's interest and in this case it is the city as the plrg agency for the water pollution control plant. I think this is a great example of synergy at work where working together we can accomplish more than working separately so it's a great example of how that applies in our real word. I want to just briefly go through the two agreements that are before you. The one is the ground lease agreement. And this is the agreement on which the -- for the land on which the district will construct the advanced water treatment facility. So the lease agreement basically allows them to use five acres of land for 40 years. And then a nonexclusive use of roadways to access to the site. Occupancy of course during the construction operation of the plant which will provide 10 million gallons of day of treatment, eight million gallons of effluent. The cleanest water probably this will be the cleanest water anywhere in Northern California. The district upset operation and the alternatively again is 40 years subject to these are the kind of provisions that allow us to get out of the agreement if any of these things would happen. We obviously don't anticipate those but those are in the agreement and upon termination the city would retain the treatment facility. The second agreement which is the one we really been working on is the -- which is maybe one of the most significant things that I think will happen at least in ESD in many years is a 40 year agreement that work with the district on recycled water. And I think what I really want to express today is that you know yes this helps us achieve the Green Vision goal but this is a good business decision and the primary reason that we are recommending it is that in terms of South Bay water recycle this is a good business decision in terms of maximizing our net revenue over the next 40 years that we now have a partner that we can work with a partner that again helps us to do a lot of things that we couldn't do by ourselves so the fact that we have this really is beneficial to the South Bay water recycling. The integration agreement also includes a cash contribution that the city would make the treatment plant would make that was $11 million towards the construction of the advanced water treatment plant. That's out of a total cost of about $45 million, there is another 11 million is available in grants, 8.3 million in federal grants and about 3 million in state grant. One reason we're expediting some of the schedule which I'm sure you've noticed is the stimulus timing that we need to get it up started and finished within a very short period of time. Which is typical one time. And then of course the district then puts in the remaining somewhere in the order of 24, $25 million. In addition to that the district pays the city a million dollars a year under this agreement until the treatment plant becomes operational. Beginning in 2012 we will then be reviewing our budgets so the are way that will work is we will continue budgeting for the purple pipe system the South Bay recycling system the district will budget for the treatment plant cost and then we essentially to most part share that 5050 so we have a part of that we will be sharing the cost 50/50 and our contribution which is one of the really great business 2 million per year which is what we're currently paying so things will never get any worse than that. When the revenues exceed the cost which we think will happen in maybe ten to 12 years something like that a lot of it depends on obviously what happens with potable water cost we would share the revenues with the district. Up to the lappings of the net cost and additional revenues would be shared with a portion of capital investment what that means is if we make some money in a particular year when revenues exceed the cost and we put 250 million into the cost and the district has put exap contribution the agreement also sets up the governance moiled which is sort of like a continuation of what we have been doing with a Liaison Committee six member one each from San José and Santa Clara and one additional T PAC member an and that group would again offer advice and review the budgets. Also is a standing technical committee set up and the other provision is that we will complete the early earth work contract for the water advanced water treatment plant which again we're doing that so quickly because of the stimulus funding issues. Just quickly to run over the benefits to each agency the benefits to the San José Santa Clara water pollution control plant the city it offers greater filtration capacity, the microfilters that would be smalled in this

facility will basically offset the need for our gravity filters expansion of the gravity filters rebuilding the gravity filters so whenever the water goes through the new microfilters that saves us money so we don't have to put that same water through the gravity filters oops allows us to take some of the repair them which currently we cannot do fks of course it would allow rks increase revenue as the water -- the water that goes through the advance water treatment facility will be blended with our existing recycled water to make it even cleaner and it will reduce the salt content. We feel confident that this will reduce the number of customers we have the water will be cleaner and certainly preclude the possibility of losing some customers. We are at the point now where the salinity certainly so this will help us to avoid that issue. This would improve customer public acceptance and increase diversion which of course is why we started recycled water in the first place. In terms of the district it increases their splices supply of recycled water and you all know about the water issue It rks treatment and it's a local demonstration of this technology. So certainly there's the possibility that this technology will be expanded in the future this provides a local place for the technology can be straighted and you might say well gee it's being used other places but it's different on each water so the quality of the quarter you know how the water. I just wanted to kind of close by mentioning that the notion of removing the salt is something that we have not just thought of it's been something that's on our minds for quite some time going back as far as 1995 and this is some of the reports that we've done on this and in terms of the business case this shows the return on investment 2 or 3 million with the continued rebate that's basically 1 million a year until the complaint is operational, putting the 11 million in as I mentioned increased improved the operational facilities expafnedded the irrigation uses and these are the general numbers that we see as the value of these things improved customer public acceptance we're able to sell more water and ten the future ability to produce more recycled water will be enhanced because we'll be able to generate 8 million gallons per day more. That concludes the presentation and I'll answer any questions, thank you.

>> Mayor Reed: Councilmember Oliverio and Councilmember Chu served on this committee as you noted and I want to thank them for their service it took a Lot of meetings and a lot of use pes Patty Mahan representing the city thank you for your service and I think both of them have some comments on this Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor although the media may report only on family camp tonight this is probably the most important thing we're doing today and future councils will look to it as a very big deal. With that I don't want to repeat anything John Stufflebean said it was a pleasure to serve on the committee and I would just make a motion to approve this.

>> Councilmember Chu: Second.

>> Mayor Reed: We have a motion to approve. Dmu did you want to speak?

>> Councilmember Chu: Thank you, mayor. I wanted to take a counterpart in the Water District because I know how hard and how much time you have invested to start bearing fruit of our effort. And I believe this is not only a very good business decision, and also a very good environmental decision, like I stated, in the task force meeting, the challenge to us will be the customer acceptance of you know have the idea of from toilet to tap. So as we move forward, I just wanted to make sure that we put that in the work plan how do we get a better customer acceptance of this is a wonderful project. Thank you very much.

>> Mayor Reed: We were here once before. With the council ready to approve something and the Water District decided we needed to spend some more time working out the some of the details. That's 18 months ago I think but the Water District has already approved this is that right?

>> John Stufflebean: That's right sir.

>> Mayor Reed: And the T PAC advisory committees signed off on it as well so that's good. I think that concludes the council discussion. See if I have any testimony from the public. Take that now. Ross Signorino.

>> Ross Signorino: Thank you, Mr. Mayor. Sometime back I read in the San José mercury was a big article on this thing on our treatment plant. And they mentioned something about these microfilters that might go in, in our system here. And now I'm hearing about that because I questioned him some time back on this. And in the newspaper it said that it would take out the medication that people somehow or another get into the water system, comes down from the Sacramento delta and so on. And he confirmed this, that it will take that out. And I hope this

is the same microfiltering system that ewere talking about at the same time. Will it take out the medications and different things out of the water? So I think this is a good investment for the future for San José's water supply especially when he said just a moment ago that we have one of the cleanest waters already. And this will definitely help that situation, having more clean water for the people. Thank you.

>> Mayor Reed: That concludes the public testimony. Any additional council questions or comments? We have a motion to approve. All in favor? Opposed, none opposed, that's approved. Congratulations staff, that was a long hard slog to get this here. Last item on the agenda is the sign code ordinance update which is the I think the third installment on this discussion. Given how much time we have left my guess is we can get through the supergraphics section today but not all of the other issues. The clerk tells me that the agenda on March 16th is relatively light in the afternoon, because we're having the budget hearing in the evening. So I would say we'd probably just try to do supergraphics and then there's miscellaneous other issues that we could take up on the 16th. Because I know that Councilmember Constant has to leave for a medical appointment in a few minutes. I've got to go catch an airplane to go Washington and so if we can do that and what I'd like to to is let Councilmember Constant make any comments he has on the supergraphics section before he leaves so we don't miss his comments on this section and we'll finish it up later.

>> Councilmember Constant: Thanks. I just -- I know nobody knows my position on signs so I wanted to make sure I got a chance to say, I love signs. But in the area of supergraphics the question was, should we have supergraphics downtown. I say yes, we should. I believe most large urban downtowns allow these. I think it's -- they are really engaging and they drive business. I think that they should definitely be allowed on new high rises, especially prior to full occupancy. The access building is a great example of supergraphics that had a purpose and really garner attention. I did want to point out, some details about the access building because when we -- it's sometimes very hard when you see these staff reports and you have square footage or you know heights and it's really hard to put those into context. So I got ahold at the folks at KT properties who to get the details on the signage, supergraphics signage on the access building and just for reference the total square footage of that sign or those signs on that building are 4,536 square feet. So I think that's important to know in relation to what is in the staff memo. I asked them also to give me the -- some estimates of what it would cost in today's dollars because they built -- they bought those actually in '07 and they were installed in '08. To install the same sign today, the same type of signs, that 45 hundred plus change square feet is approximately between 71 and $75,000 to purchase the signs and to have them installed on the building. So I think what's important that we keep in mind is that when we pick time frame for supergraphics particularly on high rise and building installations, we should be really conscious of how much time we're allowing that will allow the business owner to really amortize the cost of the creation and the installation of these graphics because of their large expense. If someone is faced with putting, you know, $80,000 worth of signs up for 15 days they're not going to do it. So really looking at where the breaking point of that amortization is, so they can be done tastefully and meaningfully and we don't create an ordinance that allows them but doesn't create the means to be able to afford them on their property on the venues for the trade conventions and big events if you travel to other cities including our small sister suburb to the north, you will see that their convention centers are wrapped in large supergraphics and the big industry events that's really a draw for them to come. Oops, I missed something on the high rises. Going back to the high rises and the safety issue and putting them over windows, I think there's two key things, one is whether they're occupied during the sales time versus the nonsales time. I think it's also important to look at how our fire department responds or how they plan to respond to high rise fires or emergency situations. And what their capabilities are for actually rescuing people through windows. I think you'll find that covering windows on the upper floors has no impact on safety. I do know however there are specific windows that are designed to be broken out and they're ones that have the red reflectors on them, one of the meaningless things I learned as a cop since I wouldn't be breaking them out that high, but our code made sure those windows are never covered because those windows are broken out for access and for ventilation and for other things. But other windows that aren't designed to nor would ever be broken out for the purposes of a rescue in a fire or other situation we should allow for that to happen. So I said that really fast, I'm sorry I have to leave right now. That's most of my comments and I love signs.

>> Joe Horwedel: The one comment I will make for Councilmember Constant when we come back on March 16th with the next piece we do want to come back with the Stevens Creek auto row. Some of the things we've looked at and some challenges, we will have some more thoughts for council so the 16th we'll have that scheduled.

>> Mayor Reed: All right, let's back up to staff presentation on this.

>> Joe Horwedel: All right so I had put up the access building while Councilmember Constant was talking and can you see the 4500 square feet and you'll actually notice a chunk of the sign is missing because somebody had moved into that unit and so they removed the sign over it so I'll back up here a little bit. So the question is to what extent should we allow supergraphics in the downtown zone. We don't allow supergraphics but we do allow banners, like the convention center, arena though we only allow 1200 square feet at this point. When we did the surveys with the community, both the business community and the neighborhoods, these are some of the graphics that we used. Clearly, the community there was some concern about wrapping historic buildings with this as an example from down Southern California. The preference we've talked about previously of onsite messaging is important with these as opposed to just advertising general product. There was some concerns about what this might do to occupants inside the building. Views in putting wraps on buildings and this has been some of the concerns coming out of L.A. where landlords are essentially renting the sides of their buildings for these types of signs. This is what it looks like on the inside from that picture from the Roosevelt hotel. You can see through it but it is about a 30% obscured ratio. In other cities most of the major cities, do allow some amount of supergraphics. With the exception of L.A. they do not allow them. And the restrictions for offsite messages is split between the cities that do allow them. New York does allow them and only certain designated areas. It is not a citywide or downtown wide basis. And you'll see that most of them don't regulate the maximum size or time frame on it. Staff was looking at it based on the discussions we had with the billboard bans and how those fit in to the extent that these became no time limit. Or no limitation on sizes that the at what point do they essentially become billboards was the philosophy we looked at this issue. We do think that there are a number of places where these make sense. There are a number of blank walls. Whether they're on sheer walls, often parking garages or buildings, here are some examples in San José specific addresses and sizes that would be on those. You can see we're proposing 5,000 feet as one of the options to look at. That the size of the walls in the city, not a lot of them get up to that size. Let's see where the next one went. There we go. Here is the side of City Hall 5,000 feet does fill the end of the Santa Clara or let's see -- actually yes the Santa Clara side of the building. What staff has recommended, that recognizing that there is a cost that's involved with these, we think that two months is an appropriate time to amortize these. Again these are not intented to be permanent displays, these are intended to be for specific events that are going on so somebody is doing a marketing campaign and really figuring for a specific event how to do it as opposed to positioned messaging. Looking at dealing with the issues about doors and windows that really should not be on securing architecture but shk working on the flat surfaces of the building we do think the building code issues as Councilmember Constant, could be addressed in fact the proposal for the residential deals with that. We do think it helps enlive liven a number of to express themselves on their buildings. The parameters do put some limitations on that. We don't think that when a no limitation in size is appropriate, one we don't think there are a number of walls that you could put 20,000 foot signs on but there are a couple of walls and whether you would really want that as the image we do have some concerns about. So there's a part of not putting a limitation in sides, here is a 6,000 foot on the senior housing over by the Fairmont. One of the options is to allow more than five in downtown and this is a number that staff has picked. We looked around at the number of buildings and places that we thought was a fair amount that would allow them to move around through downtown so that they didn't become a permanent fixture on a building and that if you went through and didn't have a cap or say allowed 20 that it would I think change dramatically how buildingser perceived in San José or in the downtown. All right. And that this again is a picture from down in Southern California where the landlord has essentially rented out the whole face of their building for Ing to advertise on. We haven't seen this up in the Bay Area but it is one option that is possible. Again we would not recommend this, that it really defeats all the purpose that we do on architecture buildings if we're just going to cover it up with a sign especially if you don't put time limits on them. One option is you would allow off premise advertising, staying up for a year essentially become billboards. On some of the sites downtown, there are other places that that would allow ant that would allow property owners to make more money off of their buildings to be able to amortize thier cost differently. So that is one option that we did look at. And in the sixth the residential option we recognize with the residential buildings coming in, they don't have the ability to market their homes such as single family subdivisions where typical track sales signage so we have looked at what are some options about how to help the condo market or the apartment market go through and be able to market their buildings. And so we have put forward some proposals that would allow buildings that were less than 75% occupied that wesh more than 15 stories in height to go through and put a temporary sign onto the building until such time as they got up to the 75% occupancy that we would allow them to cover windows above the 50 foot level that is essentially above where the fire department would access with ladders so we deal with the building safety issues. We did get some community opposition as

we did the testing on this idea about covering the windows but again I think as a part of the greater goal of trying to help the residential condo high rise apartment market that there may be some merits to this. We are looking at this in lieu of skyline signs. The one caveat is we don't allow skyline signs for residential buildings. So that's some of the things we're trying to figure out is how do we treat people fairly? So if an office building in the same configuration wanted a sign how would we do that? We are interested in your thoughts of how we would approach this issue. So here's those six options I walked through. Really you know we can be doing combinations of this, staff is recommendation option 1 and option 6, 6 deej with the leasing rental of new residential building and 6 are option 1 dealing with the supergraphics downtown. Ready for council discussion.

>> Mayor Reed: Okay let's start with Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. Joe thanks for all the hard work you and your team, Carol and lots of folks and Reyie and the City Attorney's office have been working really hard on this. quick question about San José museum of art, that looks like a permanent sign, at least it has been there for several years. Seems like a supergraphic, I don't know how to categorize --

>> Joe Horwedel: Illegal would be a way to categorize it.

>> Councilmember Liccardo: I don't as I understand the proposal that is being suggested here would make that a violation is that right?

>> Joe Horwedel: This, the recommended -- the staff recommendation 1 would not resolve that. No.

>> Councilmember Liccardo: Right.

>> Joe Horwedel: No, it would continue to be illegal.

>> Councilmember Liccardo: My concern is it's onsite, it's tasteful, doesn't cover any windows. So I'm a little concerned about the time restriction. Actually I'm very concerned about it. And I think about other potential large attractions in the downtown. I think about the arena, baseball stadium, San Pedro market, I can think of lots of treks like that where some kind of long term supergraphic would be very appropriate that is onsite that identifies is tasteful and so forth. So I'm very concerned about the maximum time and it seems to me we ought to be thinking about how you create exceptions for --

>> Joe Horwedel: Public venues?

>> Councilmember Liccardo: Yeah for major public venues, I guess that's the only way I can -- you hit the nail on the head. A, I just wanted to say I'm concerned about that. I appreciate the restriction on 5,000 square feet. I don't think we need anything more than that. The onsite and noncommercial messages only I'm very supportive of. The number of signs I'm not sure -- I think that's something we're going to want to revisit and come back to, and as some of these come up and rethink maybe in 12 months or 24 months and ask ourselves is five really the right number or is there a strong demand for more and do we think the public's receptive of that. On option 6 it appears in the matrix it doesn't define the building as being 15 story or more, but I think it is on the --

>> Joe Horwedel: On the slide.

>> Councilmember Liccardo: On the slide. And I'm just trying to understand exactly which is the recommendation we should be looking more closely at?

>> Joe Horwedel: It's one that we've been even up until like yesterday trying to work through and come forward with what work. We have some at really the 15 story level really gets at. To be doing that for a six story building I guess I would question. If we see the need to do that then you probably should do it citywide.

>> Councilmember Liccardo: Uh-huh. You know I appreciate that concern. I mean my problem is, we do have these high restrictions downtown and for the most part, OEI even wouldn't prohibit a builder from going up to 16 or 17 stories but I'm thinking for instance of for instance the site over on fourth street where high density had been

proposed, I think on the order of seven or eight stories. I don't think I would be offended by, I don't think most people would be offend by seeing a supergraphic. I'm a little concerned about that. What I'd like to do is put forward a motion for several of these and see if there's any receptivity here on the council. Trying to be as clear as I can. Adopt options 1 and 6 as described by staff except, A, extend a longer maximum term, for major -- for significant public venues, second, return to council within 24 months to revisit the issue about the restriction on the number of signs, and third, I'm not sure exactly what the staff recommendation is on the height of the buildings that would be subject to option 6 so I would ask for some flexibility about the precise height of buildings that would qualify under option 6. That would be my motion.

>> Second.

>> Mayor Reed: All right, we did get a motion. Want to speak to the motion? Councilmember Liccardo?

>> Councilmember Liccardo: No, I've spoken too much, thank you.

>> Mayor Reed: I would never say that. Publicly. [Laughter]

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you. So Joe, one of the things I want to talk about and I think Councilmember Nguyen brought this up the last time we were talking about the time frame and how would we regulate that. I think it was about two or three years ago ago, I'm not quite sure what the time frame was when I brought a proposal for temporary signage and creating some type of mechanism to address that. And basically we didn't have the capacity, the staff to be able to monitor that. So I'm wondering how, at this time, bringing this forward is going to be able -- how are we going to be able to address this since we're in a worse deficit than we were three years ago, and they months goes by pretty fast. Who is going to regulate it ?

>> Joe Horwedel: The one thing with temporary banners and we did that about two years ago, those signs ooms don't require a temporary permit. Our thought was these type of signs we would do a city permit, those would show up on our system that we did a permit. The other piece is they are downtown so it's pretty hard for us to miss them, from that end of it. That if they were past their 60 days or whatever the time frame did, it would be a lot easier to is chase after it as opposed to looking over 200 square miles or something that we didn't even know if the banner went up or not. We are taking a look at with code in some of the SNI areas we are going to go back and deal with the temporary signs because it is -- we set that up to be able to make it more enforceable. And our sense is in looking at them is people aren't following the rules besides the time frame but actually marking them which we set up so we're going to go back and look at that because we know that was an important issue for the council. In this conveys I any the fact that it's a limited number they are downtown and we'd have a permit we would have a higher success with them but you're right it would still take staff to go and chase after it.

>> Councilmember Campos: I know I'm glad you clarified that you would go ac and clarify because I was a little concerned about the words that were coming out of downtown is easier to monitor some of our neighborhoods I don't think that's the message we want to send to our people that downtown is more important than their community .

>> Joe Horwedel: Yes.

>> Councilmember Campos: So with the motion that Councilmember Liccardo is putting on right now, would mean that you have the capacity to be able to monitor that, if it were to pass?

>> Joe Horwedel: For chasing after five of them yes, we would be able to do that is that we would go through and build that into the permit cost for our cost to follow up on it.

>> Councilmember Campos: Okay. How does this affect, can you put up the slide that has, number 1, and number 6 on it? The question I wanted to ask you is in regards to the surveying you mentioned that there were some constituents that did not want to see the large supergraphic signs go up and also in relationship, I think there were some constituents that also had concerns about covering the windows. Could you describe the

population that you targeted? Were they downtown residents? Were they residents in single family homes around downtown, would help me have a better idea of what the dialogue was.

>> Yes, we did focus groups with -- that included community members, one of them included representatives from business, one included represents from the sign industry. And then we did community meetings. I think generally, people were accepting of supergraphics signs in the downtown. Almost everyone thought they should not cover windows. That was probably the strongest response we got on almost any sign issue was that people felt that supergraphics over windows were not desirable for reasons that had to do with how it looked from the outside and what it did to the spaces on the inside of the building.

>> Councilmember Campos: So I didn't hear what you said, you had community groups but any of the high rise residents participate in any of these sessions? We do have residents in some of the high rises.

>> Yes, there were some. And we did I think people that were from downtown. Some of he them expressed concern about views from a residential building of a supergraphic. That wasn't a real strong, we didn't get a lot of concern about that but we did have residents and business people sort of generally just across the board, people generally felt relatively positive about supergraphic signs and they generally felt they shouldn't cover windows.

>> Councilmember Campos: The other question I wanted to ask is, regarding what images we will be putting up, so is it an image that is art or something that would compete with the billboards that are on the freeways, where they seem to be very appropriate advertise it, I guess I'm not clear on the motion that is put forward, who would have and what images would have the ability to be placed on these buildings.

>> Joe Horwedel: So the staff recommendation is for on premise advertising only so we would not regulate the image per se. But in this case this is off premise advertising because the Will Smith movie has nothing to do with that building as opposed to this is on premise advertising.

>> Councilmember Campos: Which is very tasteful I've seen that one.

>> Joe Horwedel: What words what fonts staff does not regulate that part of the message. We would regulate the size where it sits on the building. In this conveys we are saying they cocan only put it oifer vacant parts of the building or solid parts of the building.

>> Councilmember Campos: And that's very clear so if someone -- people can interpret language in very different ways. So that's very clear that they know that it's onside advertising versus offsite advertising, the language is very clearto so people would understand what that means.

>> Joe Horwedel: Well, Renee can --

>> So we are including in the sign definitions of onsite message and offsite messages products and imps and services that are offered on the site and offsite messages pertain to goods services et cetera that are not produced or offered on the site. We are trying to make it clear, so anybody who picks it up will be able to understand it and use straightforward language so we're not -- our definitions are trying to be very clear so that anybody who picks it up will be able top understand what's allowed.

>> Councilmember Campos: And so will our staff, right? Those are all my questions right now, thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. Councilmember Liccardo's motion addresses some of the issues including returning back on the number of signs, that's appropriate to get a sense of whether it's the right number or not. And the third addition which is more flexibility in regards to the residential in option 6 in terms of the height. And although there's some community opposition to letting signs cover windows the key here is that it's vacant units. And what -- we need to help some of these units get filled up. And I think that this will help to get those units filled up and so those signs can come down. I want to see that access sign come down which I want to see it filled up and that's a distinction as opposed to option 1 where it has more limitation on where the signs

can be. I still have a concern with the 60 days and Councilmember Constant mentioned it before he left. And if we can go back to option 1.

>> Joe Horwedel: The list of the text?

>> Councilmember Kalra: Yeah, the text, the text. You can put them all there. 60 days, for onsite the messages, this seems like an extraordinarily small amount of time. I looked at the other cities, most of all except for one had no limit at all. And it just seems that we're being really restrictive and that most likely people aren't going to take us up on it. And I don't know why 60 days was chosen but it seems like it's a huge amount of money to spend for a maximum of two months of being able to market onsite. If it was offsite, that would be different. And then I could say okay well you don't want to have this you know, this advertisement which amounts to a billboard be up there for a year, two year or even six months maybe and you want to regulate a little bit more and some of them may be willing to may more for offsite advertisement in a hot spot in an urban area. But that's the part that's trouble be me. And so I don't know why -- if you can elaborate as to why you did this.

>> Joe Horwedel: Sure. Let's go back to the basic premise which these are temporary signs and this is on top of all the current signage that they're lads to do on their building already. They are allowed to do signage based on the length of their building or the street frontage. On top of that they can have signage on the top of the building for taller buildings, the one that would qualify for supergraphics or resized for them typically have signs that they can do at the skyline, rooftop signs They can go through and do projecting signs fin signs so there is a substantial amount of signage that's already allowed so this was only allowed or the thought was because there's some special event that's happening and it's going to why we did the provision for the convention center you have eBay's coming in for their conference you're going to want to G.O. come through and put banners on the hotels they're facing, the entrance you want to put them on the face of the convention center. They're only there for a week so how long would you leave the banner up saying welcome eBay? And so that's the thought process that where this came from we said well let's go through and build some time on the front and back end and give it some two months and then you could have lead in and goodwill that was left afterwards as opposed to McDonald's who wants a sign for 60 days, I would say this is not a good investment for their advertising dollars it is a clear difference of use of signage where this comes from.

>> Councilmember Kalra: And the question that raises it the convention center then makes sense but the number of other buildings you showed that could potentially have a sign like this that qualify otherwise, spaces or area space that doesn't have windows and doors that may be worth putting up a sign like this. If it has to be on site you know it's different if you go to Times Square, you go to San Francisco you go Union Square you go to Nike town, we have a building oncite it makes sense. We don't have the type of commercial buildings downtown that people are going to invest for onsite advertising unless you know of someone.

>> Joe Horwedel: No.

>> Councilmember Kalra: A lot of them are law firm and I don't see a law firm doing a 4,000 square foot graphic. Essentially what we're allowing is the convention center which I think is great allowing them to do a graphic sign, is there any other building that would take advantage of this?

>> Joe Horwedel: You may have a landlord that would celebrate a new tapet coming in that was taking over a building. You would say welcome to the Sobrato building, who ultimately moves into that building, putting up for two months saying welcome to downtown who that is. That's really why this was put in as opposed, to that every year they would go through and three times a year put up on the building a message. That was not why this was created. Really, I would agree does not work for that sense that was not the purpose of why it was put together.

>> Councilmember Kalra: So I mean having a five sign limit I mean I can't even think of five buildings that would want to do it. And I don't know, just seems like it's a lot of --

>> Joe Horwedel: Well I can tell you we're dealing right now with a tenant who is move potentially from an adjoining city the ability to put a sign on the top of their building is why they're looking at it. This is a tenant who will take one floor of a mid size to small office building.

>> Councilmember Kalra: That's a sign on the top of the building. That's a permanent sign.

>> Joe Horwedel: What tenants will negotiate for gives them one more thing in the tool kit. But without going and saying having a 4,000 square foot sign, that will only be a few hundred square feet.

>> Councilmember Kalra: That's a permanent sign and doesn't allow for these grafntion at all I gist I don't know and I also have the same concern about impacts on the museum of art, and I'd more appropriately maybe, if the exception can be crafted, I think Sam you'd mentioned public structures or some kind of comments on language --

>> Councilmember Liccardo: Public venues, yeah.

>> Councilmember Kalra: Public venues, I certainly agree with that if we're going to do anything the last thing you'd want to lose, you can't make a distinction with an artistic venue or something along those lines, legally if that's possible. I'm just you know I think that I'd be in favor of more expansive policy, I'm more than willing to see how this shapes up and you know with some of the suggestions that were added by Councilmember Liccardo. But I just don't see this other than the convention center, I don't see this practically being used.

>> Joe Horwedel: Yes.

>> Mayor Reed: Couple of comments. In terms of the motion that's on the floor made by Councilmember Liccardo, a couple of things, if you would consider by friendly amendment, I don't think that the limit of five signs ought to apply to the HP pavilion or a baseball stadium or the convention center or the museum of art.

>> Councilmember Liccardo: You want to create a exepghts for city owned buildings?

>> Mayor Reed: I don't know that category or how you would describe it but they're in a whole league of their own in many cases.

>> Councilmember Liccardo: Right.

>> Mayor Reed: And so the turnover of a special event that might want to do something at the HP pavilion is vastly different than the places that might want to do it in the rest of downtown.

>> Councilmember Liccardo: Sure so I'd be happy to craft a exception for public venues both for the duration as well as the number of signs in the downtown.

>> Mayor Reed: I don't know what the number is, they shouldn't be included in these limits.

>> Councilmember Liccardo: Right.

>> I could just interject. What we might be able to do is there are instances where the city council has already given direction that for the really large assembly uses are where the activities tend to change on site that those are unique uses that we should give them different types of signage because of the nature of the use, the events change. And the facilities that you're discussing seem to fall within that category.

>> Councilmember Liccardo: I think certainly as to the arena and the stadium but I think perhaps the civic museum of art and the others might not.

>> Joe Horwedel: Those one the ones I'd be concerned about.

>> Councilmember Liccardo: One focused on specific public venues, ones we might even identify.

>> City Attorney Doyle: I think we could identify, events change, they might not be as frequent an the convention center or the arena.

>> Joe Horwedel: If only the sign changes.

>> Councilmember Liccardo: I knew I shouldn't have brought that up.

>> City Attorney Doyle: We can look at the public venue or the city owned as well. So that's something that looks --

>> Mayor Reed: Councilmember Herrera had the second. Modify the motion. Other comments, Councilmember Pyle.

>> Councilmember Pyle: Sam, why two years?

>> Councilmember Liccardo: I'm sorry two years as to --

>> Mayor Reed: Bringing it back.

>> Councilmember Liccardo: Oh on the aggregate number, because I don't pretend to know what the right amount of time is but if we're going to set the limit at five, my gut tells me if we've got a real big demand we'll know in 18 months or two years, if there's a demand for people to put up supergraphic. If you want one year that's fine with me.

>> Joe Horwedel: That is one of the things we'll bring back to you is what that right number will be. We've put forward a proposal, based on let's not go totally crazy. It's something that has its merits and whether it's five or seven or three or 10, we can come back with the ordinance and make a decision at that point and try to give you a feel of what that ordinance might be and how that fits but definitely we'd follow up afterwards.

>> Mayor Reed: Vice Mayor Chirco.

>> Councilmember Chirco: I'd like to thank Sam for crafting the motion that he did. I had the dubious pleasure of going down to Southern California maybe two or three weeks ago. Driving through Los Angeles it was like, it was like the realization of all your bad dreams. It was the supergracts, it was digital signs it was billboards on top of high rises. So my -- my ask is that we approach this cautiously, we evaluate along the way, and I just -- I cannot tell you how ugly that was. Then we drove into the more exclusive, expensive areas, and there was none of that. The signage was, you know, more discrete, it was more in keeping with the environment. You could literally be at any corner in Los Angeles and see six to eight different types of signage, and these graphics, these supergraphics were unbelievable. And I don't know why anyone would live in those buildings because they covered everything. So I realize that's the worst case scenario. But to approach with caution, evaluate as you go, and think about the message we communicate to our community. So I'll be supporting your motion, Sam. And thank you for your thoughtful balance.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Vice Mayor, you said it very well. I think you always bring things back to reality, and we're deliberating on things that we sometimes get overly excited so thank you for bringing that to the conversation. Rick, I was wondering, what is your time line to come back to the council?

>> City Attorney Doyle: Looking at ReneÈ and Joe.

>> We're drafting already and our hope is that it will be this fiscal year.

>> City Attorney Doyle: We'd always said spring and probably June is a good day.

>> Joe Horwedel: So we have a list of all the things we looked for, the things that we should also look at. And so ReneÈ and caroler drafting individual section of that and that's partly why I want to come back on March 16th. As we're doing that we're identifying hiccups, test those early not wait until may or June time frame so we will be back

before the break with chunks of it. We'll not be back with all of it bos there's stuff that's added on that we need to go do some work on.

>> Thank you.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you mayor. I want to make a friendly amendment on option 6 where we are reviewing the height of the building to make it to citywide instead of just downtown area. If it's not citywide, I want you to consider the north San José development.

>> Councilmember Liccardo: It says citywide in the memo, it's unclear to me if that's changed.

>> Joe Horwedel: The memo itself the ordinance applies citywide. The provision that we're looking at for supergraphics we have another piece that relates to north San José that we'll get to in a second.

>> Mayor Reed: Or maybe not, because we'll run out of time.

>> Joe Horwedel: That's true.

>> Councilmember Chu: Will we have a separate discussion? All right, I'm fine.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. Just in response to the concern that Ash raised, I also shared a concern about the amaximum term of 60 days. The question I had was this Joe. Had you considered a longer term for noncommercial messages? What I'm thinking of is 1st act, attend $80,000 to create one of those supergraphics is there really going to be any artists that is going to create it knowing it has to come down in 60 days?

>> Joe Horwedel: We have been working with convention arts and entertainment staff about how 1stAct act fits into this and things like ZeroOne, this is part of how we're putting this together, recognizing there's events that would come in for a month but we would bracket it longer. 60 days, is the starting point. Very sense that the council is thinking of something longer than that when we come back with the ordinance drafting we'll come back to options of how we can deal with that.

>> Councilmember Liccardo: Okay, what I'm thinking about is something not event specific but maybe something art.

>> Joe Horwedel: We do have challenges regulate art versus signage. Everybody has opinions about what that is and unfortunately the quartz have different opinions.

>> Councilmember Liccardo: I understand, I see ReneÈ shaking her head. With regard to all these time restrictions whether it's 60 days or a year on the new buildings is there an opportunity for someone to come back to renew or to apply to renew?

>> Joe Horwedel: That's part of what we would come back with the mechanics of when we come back with the ordinance how all that would work and so you know we're going to do another round of outreach out to the community that those ideas now that we have council direction of what you're comfortable and not comfortable with. We'll figure out policies and all that.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you mayor. I support the motion, I support what we're talking about supergraphics in the downtown and I am also concerned about the 60 day limitation. If we can have an extension, maybe they can apply for an you automatic 30 or 60 day extension if it's art they would like to continue to have, I

know you're going to discuss it but in terms of how we lengthen that possibly but the ability to extend it for a reasonable amount of time. I just had another questions unrelated to this motion and just to make sure that some issues that I'm still concerned about signs are going to be on the upcoming you discussion and I gets that's the numerous minor sign revisions. So I'm still concerned about making sure that the feedback I've gotten from Eastridge and from Beshoff motors are included, in terms of their signage on capitol expressway. So is that going to be in that -- so when we come back in the 16th and work through the long list of minor issues that is the place for that bucket, it would go into that bucket for us to talk about.

>> Councilmember Herrera: I'll have a chance to give my input on that. I think Councilmember Nguyen had brought up before i'm still very interested in that and also how to deal with the proliferation of signs that are legal and how do we deal with that one? So -- and I'm supportive of the motion, thank you.

>> Mayor Reed: One request from the public to speak on this item, we'll take that now, Michael Colbruno.

>> Wile he's making his way down can I make one comment on the 60 days?

>> Mayor Reed: Sure.

>> Because one of the issues that Joe and I had been discussing, some of it depends on juts how popular these signs are. If it turns out that there aren't a lot of folks taking advantage of it for one reason or another, we talked about what the councilmember had raised about an automatic rollover. There's a maximum of five but if Joe isn't receiving applications for new supergraphics that the people that have them can have, if there's a maximum of five, for those who have them would be that automatic rollover period.

>> Thank you. Michael Colbruno, from clear channel. We'll keep it short. I just want to point out one thing on both supergraphics and on electronic, as you're facing budget crises, you should take a look at what other jurisdictions and cities are doing. If you approach this in the right way there's a partnership, a public-private partnership for the city to address a lot of budgetary issues versus signage and budgetary issues. As you move forward kind of keep that in mind. I'm available. I've given everybody my cell phone number in an e-mail and happy to have that conversation. Thank you very much.

>> Mayor Reed: That concludes the public testimony for this item. We do have a motion made by Councilmember Liccardo. Numerous subparts that I'm not going to restate. Any further discussion on the motion? All in favor? Opposed, none opposed, that's approved. Last item we have on the agenda is the open forum. I'll take that now and we will continue this sign code update to the 16th of March. Judy fairington.

>> Good afternoon, I'm Judy Purrington. I live in council district 2 near the Edenvale library. The reason I'm here is because we're fast approaching talking about budgets and my concern of course is our community libraries. Myself and some of my friends from the friends of the Edenvale library and some of the other branch libraries around the city have been spending some time lately talking to members of the our community. How would they feel if, again, we would be faced with budget cuts that threaten days and hours at our branch libraries. And we're hearing the same things that we heard last year from our community, that the libraries are so very important during these times and perhaps even more important than they are during more affluent times. So I ask you to keep this in mind, as you approach the budgets and that you listen to your community. I'm hoping you'll be hearing from them. I know you'll be hearing from my Communities community because we've already connected with several hundred people and we'll be you know bringing some evidence of that at later times to demonstrate that and we're also liberally handing out your phone numbers, e-mail addresses and such so people contact you independently to let you know how it is important to find out and I think it is important to hear what the community says. I've had the opportunity to look people in the face, while they tell me how important the library is, because they're searching for a job or students who come after school to do their research because they don't have sufficient access to libraries in their school system. So thank you very much.

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