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>> Mayor Reed: Good morning. We have a quorum, so let's get started a very long meeting day ahead of us. We're starting the morning with our labor update and then we'll go into closed session. Unlike most days when we get done with closed session we'll come immediately back in and continue with the council agenda until we get done whenever that is sometime this evening. Alex Gurza.

>> Alex Gurza: Good morning, mayor and members of the council, Alex Gurza, Director of Employee Relations, as you know, the police officers association is completing their ratification process. That is being completed this morning, have not yet received notification, but as soon as I do we will notify the city council. The other item is our discussions with bargaining units on retirement reform. As you know last Tuesday the city council provided staff direction to work with the bargaining units on potentially given more time to the process for the good of the city and to provide capacity to talk about two issues together, one is the potential ballot measure and two is negotiations over broader retirement reform issues. Our staff has met with all of the bargaining units that represent employees in the Federated retirement system. And we're still having continued discussions with them and a meeting with the San José POA and the firefighters is pending. And that is all of the presentation we have this morning.

>> Mayor Reed: I have two requests to speak. Vera Toteroff and Brian Doyle.

>> Good morning, Honorable mayor, councilmembers, my name is Brian Doyle, I'm one of the representatives for the association of legal professionals. Three months ago our organization offered the city the 10% you asked for, and we were agreeable to discussing pension issues in fiscal year 11-12 in order to have a deal for fiscal year 12-13. You refused. And consistently lied to the public that we had not agreed to the 10% concession. We have concluded a deal. And now you've called us to a meeting and said that you want to discuss the ballot measure, and that you have -- you want to discuss with us pension reform throughout this fiscal year in order to have it effective for next scholarly. That's exactly what we offered you three months ago. And you gave us nothing. And then you deliberately hid this ballot measure while we were having that discussion. While we were perfectly open to discussing these issues with you. We continue to be perfectly open to discussing these issues with you. However at that meeting yesterday, all our words were twisted and I'm just afraid that they will be twisted in

closed session. So let me be perfectly clear: We are perfectly willing to discuss these issues with you. We're perfectly willing to do it in open, we're perfectly willing to do it with the public present and preferably we'd be willing to do it with neutral parties present who can actually explain the numbers to us and that we can creatively look for legal and sane ways of dealing with this issue. I would appreciate that very much, if you could look at that. Thank you.

>> Good morning, mayor and councilmembers, Vera Toteroff on behalf of ALP. I'd also like to add an additional suggestion, which is a cooling off period in a couple of months. In order for the city, instead of using the political arena to solve this situation, use a factual arena. We want to be paid our retirement. We do not want the city to be declaring bankruptcy or whatever means it chooses, whatever means are available to it, to not honor retirement of its employees, we want this to be a healthy system. But in order to do that we need facts which we have not received from the city. None of the bargaining units have that are in Federated, and that is a universal complaint. I think instead of spending money on public opinion surveys and instead of spending money on elections that money, a portion of it should be spent on looking at actuarial studies that are trustworthy that both the bargaining units and the city can agree to that are numbers that are not motivated by a conclusion. The only conclusion they should be motivated on are: What is really fact. Not on any kind of another agenda. Thank you very much.

>> Mayor Reed: That concludes this item, Alex Gurza.

>> Alex Gurza: Yes, very happy to report that I just received notification from the San José Police Officers Association that the membership has ratified the tentative agreement and it will be on your agenda today for your formal approval in open session.

>> Mayor Reed: Thank you, congratulations Alex. Okay we're going to adjourn back into closed session. [Adjourn into closed session] [Recess during closed session]

>> Mayor Reed: We'll have a closed session report in a minute. First item of business is the orders of the day. We have some changes to the printed agenda. First I'm not sure when we're going to take up 3.2, approval

of the terms and agreements of San José police officers. We're not sure when George Beattie will arrive. We'll certainly get to it soon. We need to defer to June 21st many items 2.3A through E, council committee reports. Need to defer to June 21st, item 3.7 C, operating and capital budgets of City of San José and schedule of fees and charges. 3.7 C that is -- let me be clear about what that is. That's the parking that's a parking resolution, master parking rate schedule not the budget stuff. We need to defer to June 21st the 7.1, San José Santa Clara County odor assessment item. We need to defer to August 21st, the resolution of necessity, public convenience or necessity, has to do with a alcohol license I believe. Anything to do with the printed agenda, some are taken out of order because some things have been noticed specifically for this afternoon. So we will take the consent calendar up here as soon as we get done but the budget related matters, we will not start until 1:30. City Manager.

>> City Manager Figone: Mr. Mayor, just to clarify, the POA item is 3.10. 3.2 is the verbal update that we usually do in the morning.

>> Mayor Reed: Okay, motion is to approve orders of the day. All in favor? Opposed, none opposed, those are approved. Closed session report, City Attorney.

>> City Attorney Doyle: Yes, Mr. Mayor, the council met in closed session. We were given authority to file action in one matter, the name and title of the action and the parties will be revealed after filing on request. And I need to note that the vote was 9-2, with Councilman Kalra and Campos voting no.

>> Mayor Reed: We will skip over 3.10 POA agreement and we will not take up the budget message until this afternoon. Item 3.3, the library parcel tax rates for fiscal year, can we take that up now? It's not clear about all the noticing on all these things, good to go on item 3.3, all right. Library parcel tax rates for fiscal year 2011-2012. I have a motion to approve. All in favor? Opposed, none opposed, that's approved. Now the consent calendar. We have Redevelopment Agency consent calendar items as well as city consent calendar items. We're going to consider them all together. Any items from the consent calendar, I have no requests to speak from the public. Any items from the consent calendar you'd like to pull for discussion? Item 2.9. Regarding the Tesla motors foreign

trade zone application, 2.20, are property based improvement district annual report and 2.15, the San José unified school district artificial turf agreement. Any others? 2.16. Any others, Councilmember Pyle?

>> Councilmember Pyle: Yes, 2.1 three, I think you already mentioned 2.16.

>> Mayor Reed: Yes. Any others off the consent calendar for discussion? Motion is to approve if balance of the consent calendar. All in favor, opposed, none opposed, that's approved. Item 2.9 is the application for a foreign trade zone designation for the Tesla plant. I just wanted to acknowledge that we have got requests of letters of support from the mayors of Palo Alto and Fremont, both of them have Tesla locations. You all may recall that at one time we had hopes of having a Tesla factory in San José but that got killed by the market crash of 2008, making it impossible for them to finance it. But we're delighted they are in Palo Alto and Fremont, because these are San José people who are taking those jobs, as well as others. And this foreign trade zone designation is something that the City of San José can do that other cities cannot and so I just wanted to make those comments and thank Tesla for their investment in the Silicon Valley economy that is good for the people San José and if they ever want to expand we're always ready. Motion is to approve the trade zone application. All in favor, opposed none opposed, that's approved. Item 2.13, Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I'd like to thank staff in the reference of the Bayrics joint powers authority for working to expand the joint powers agreement to encompass a variety of regional Public Safety, communications projects including the bay loop microwave system. This was a very complicated issue and it was very beautifully handled by three superstars one of which is Deanna Santana who is with us here today. Deputy City Manager, Brian Doyle who worked on as a senior deputy City Attorney and Michelle McGurk who couldn't be here today because she had to take another matter in Washington but was an advisor of Mayor Reed. What a superlative job. As a member of the emergency preparedness council I have long advocated that we do more to ensure that our first responders can communicate during emergencies in daily activities. And that they can deploy new and emerging technology to make us all safer. This project as I mentioned got off to a very rocky start and I'd like to thank the mayor, for his persistence in making sure the problems were corrected. The joint powers authority should have been in place a long time ago. This was discovered as the problem was unraveled. We

could have avoided the problems that developed but we now will because we have that in place and will be poised for congressional action to create a nationwide system. For these reasons I move that we heartily approve the report and thank all those that had a part in it.

>> Councilmember Nguyen: Second.

>> Mayor Reed: Motion to approve. I'd like to add to Councilmember Pyle's comments, the reason we were able to get this joint powers authority together, was the fact that mayor Lee in San Francisco and mayor Quan in Oakland and I came together and decided that the three mayors had to take the leadership on it, the three largest cities in the region representing over 40% of the population in the area, needed to take the lead on this and so with that commitment we were able to put together this joint powers authority and Deanna Santana deserves a great deal of the credit as does Michelle McGurk. Michelle is in Washington on a meeting on these issues. There are not just these issues but other issues that the joint powers authority will have to deal with as President Obama's broadband program rolls out we need to be ready with a model and this will help us do that. Hopefully, the president will be successful in moving this forward. I know that Chief Moore has worked tirelessly on the national program. This is a good model for us to move forward on. With that, I certainly will be supporting the motion. Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I also want to support the mayor and his leadership and also definitely call out Michelle McGurk and Deanna Santana, they were super-sleuths and they helped put the case together that has allowed us to move forward. And I support the mayor's recommendation that Michelle McGurk would be the city's representative as well and Deanna Santana the alternate I think that's the great choice and I will be supporting the motion. Thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. As everyone here knows we are also part of a JPA called the Silicon Valley regional interoperability authority. I wanted to make sure that everyone is aware that that JPA has

also joined the Bayrics JPA, because it's really essential that as we move forward, that not only the overall national system works, but each of the regional systems and subregional systems work, and it's really important to have coordinated actions and governance. Pierluigi and I sit on SB REA, we work closely with Deanna and Michelle. We've also added a continuing item, a standing item on the Public Safety, Finance and Strategic Support Committee monthly meetings to discuss interoperability, because we know how critical it is, not only for our own residents but the entire region.

>> Mayor Reed: Thank you. On the motion to approve, all in favor, opposed none opposed, that's approved. Item 2.20. I'm sorry, got ahead of myself. 2.15, Councilmember Pyle's request to discuss the San José Unified School District. Councilmember Pyle.

>> Councilmember Pyle: I'm back. I wanted to talk about the MOU for the turf field at Steinbeck. We have a decided shortage of fields with San José so in an agreement with San José unified and our city we have leveraged resources on both sides to benefit the community and the district, because of this partnership. This particular item notes our combined intent to share planning, development and operation in an artificial turf soccer field at Allen at Steinbeck. This will be the second school site in my council district where park staff has partnered with the district. I'd like to personally thank our key partners in this project for their vision and commitment to the project which will help us to expand our sports field availability for the community in district 10. The key stakeholders include San José unified's Dr. Vincent Matthews, the superintendent, Ann Jones the chief business officer, Steve Adamo, the director of maintenance and instruction, and Amy Ruffo, who is the manager of San José Unified facilities and instruction. From our side of the fence, from Parks we have Gina Aning, Albert Balagso, who has just retired, so Julie I believe Edmonds Mares has taken his place, and Matt cano. Also from the City Attorney's Office, Barbara Jordan, who is going to be retired, and Mary Beth Haraz. So with that, a good good job and we have had good results and I move for approval.

>> Mayor Reed: We have a motion to approve. Councilmember Kalra, did you want to speak to the motion?

>> Councilmember Kalra: Just very briefly. Thank you, mayor. I think they have a great example of what we needed, even more and more I want to thank San José Unified as well as PRNS and our city staff and Councilmember Pyle. As you can see, it took many years to get to this place and so I think we should certainly look at other opportunities knowing that it takes X amount of time to actually get something like this accomplished. I've actually played on those fields growing up many years and I've always wondered especially recently why are those fields sitting there. I know now that people were working on it and now we are in a place to get the field in a proper shape so that our youth can use it. And I think there are probably many more examples, especially with San José Unified, Eastside Union where some of these fields are either not being utilized or being utilized but are falling into disrepair, and we can share resources and make sure that we provide good quality fields for our youth. Thank you, Councilmember Pyle.

>> Mayor Reed: On the motion to approve, all in favor, opposed, none opposed, that's approved. Next item would be item 2.16. Councilmember Herrera, you wanted to pull this regarding Thompson Creek.

>> Councilmember Herrera: Thank you mayor. I think it's going to make important repairs to Thompson creek and protect an existing water line along Cadwallader. With that I'd make a motion to approve.

>> Mayor Reed: All in favor, opposed, none opposed, that's approved. Item 2.20, Downtown San José property based business improvement district annual report, I just want to thank the downtown property owners for paying into the property business improvement district to keep our downtown clean. I do get a chance to talk to people from out of town who come to visit us and most often, they compliment us on how clean the downtown is and that's really the result of the great work done by the Groundworks team funded 50 downtown property owners who are assessing themselves to do that. Coming from the downtown association, they continue to play an important role, and keeping our downtown clean is an important part of our economic development strategy, to fill the buildings up and downtown be the urban center of Silicon Valley. So I want to thank the property owners who are helping to fund this, because it is a really good thing. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. I wholeheartedly agree. I also just wanted to point out I think at a time when everyone's tightening their belts, and we often hear comments at the microphone along the lines of what are businesses doing to help the city, you know it's pretty clear for three or four years now, businesses stepped forward and agreed to tax themselves to pay for tree trimming, street cleaning, and everything else that you know the good old days the city used to be able to provide along with the assistance of the agency. So I think it's important that we recognize a lot of our private sector partners are stepping up. I'd like to make a motion to approve.

>> Councilmember Herrera: Second.

>> Mayor Reed: Notion is to approve. All in favor, opposed none opposed, that's approved. I believe that concludes the consent calendar, we now go to item 3.10, which is the vote on the tentative agreement with the Police Officers Association. City Manager.

>> City Manager Figone: Thank you, Mr. Mayor, I wanted to open this up. I'm very pleased to be here with an agreement with the POA that we received notification this morning was ratified by the membership. They reaches the 10% total compensation reduction and most significantly saves the jobs of 156 officers. I appreciate the work of the POA and realize it was a significant challenge and sacrifice on behalf of the members. I'll now turn it over to Alex Gurza for the rest of the presentation including his acknowledgment of the POA team but let me just acknowledge our team, the mighty team of 2, Alex Gurza and Jennifer Schembri for their part in a job well done.

>> Alex Gurza: Thank you, mayor, members of the city council, Alex Gurza, Director of Employee Relations. The tentative agreement that we reached with the POA along with all other information about labor relations is available on the Website, that we have -- we have all proposals and agreements that we have reached available for the public to review. As the City Manager mentioned we have reached and agreement with the POA and I wanted to take a moment to acknowledge the POA negotiating team. Led by president George Beattie, who is here, and also led by Vice President Jim Unland. Also on their negotiating team was chief financial officer Frank Ovato, Executive Board Member John Robb and long time general counsel of the POA John Tennant. Clearly I

think George would agree with me that these were very difficult negotiations, as they have been with all of our bargaining units when we go in and talk about asking employees to make sacrifices to save jobs, making concessions are very difficult conversations. But I'd like to take a moment to acknowledge the professionalism of George and all the POA team throughout the entire negotiations and especially towards the end. You know one of the things that during negotiations, we get to know a little bit about the other negotiating team. And you know one thing that was very clear to us during this team is how much George and his team care about the members that they represent, care about the San José police department, and maintaining the quality of the San José police department and how much they care about the very important Public Safety services that they provide to the community. And it was really through their leadership that allowed us to keep working almost to the last minute to reach this agreement and it really would not have been possible without their leadership and the communication that we had with them up until the very end on how to reach an agreement. As I mentioned the entire tentative agreement has been available for public review. This is just a very -- a quick summary of it. I'm not going to go through everything. It does achieve a 10% base pay reduction, of one of the outstanding issues in the agreement was whether the 10% is going to continue on an ongoing basis or whether it will be only for one year. We decided to refer that matter to an arbitrator to decide that. It however importantly allowed us to at least get the 10% and not have to have the council and the community face the layoffs of 156 additional police officers. There are other items that are significant. We've reached an ability to civilianize up to 20 positions within the department, that allows us and the police chief to most efficiently use the sworn personnel that it is available to put out in the community. Also, want to mention one thing that may not seem important but the reinstatement list. The reinstatement list is where someone is laid off or demoted due to budgetary decisions, puts them on a list that allows them to be rehired. We spend that from two to three years. The loss of any police officer is something that we would like to avoid but that allows them to be on the list so they could be rehired or repromoted when however our budget situation improves. We also reached agreement on side letters as we have with most other bargaining units reached agreements on the important issues of retirement reform, sick leave payouts, layoff process, and worked hard on the parameters of a potential opt-in program that the POA had proposed to us. After we reached the tentative agreement there were two additions to tentative agreement. We did issue a supplemental council memo about those. They were issues that came up in the couple of days following the main agreement. The first one is simply to clarify that the police officers that unfortunately will still have to be laid off

even with this agreement, their leave balance payoffs will be paid out at their current pay rate. And the second one has to do with tier 2 layoffs. As the council is aware the City Manager had to issue a tier 2 police sworn contingency plan. That was a contingency plan in the event we're not able to reach an agreement with the Police Officers Association or if it did not ratify. Thankfully that tier 2 police sworn contingency plan is no longer necessary. I think everybody is happy about that. And this simply clarified that now that we reached this agreement, that the tier 2 layoffs would not occur and other than the layoffs that may be otherwise necessary there will be no other layoffs during this fiscal year of police officers. So as the City Manager mentioned we received notification this morning from the POA that the membership did ratify the agreement. They have a seven day ratification period that went from last Tuesday to this morning. And again we can't emphasize this enough which is that it does preserve the jobs of 156 police officers. So with that, we recommend approval of the tentative agreement with the San José Police Officers Association.

>> Mayor Reed: We have a motion to approve. Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you, mayor. I just wanted to take this opportunity to thank both the city negotiating team and the POA negotiating team for all their efforts that have gone into this ratification. Obviously, I concur with everything Alex said about the POA leadership and their professionalism during the negotiating process and I just wanted to give a shout out to both George Beattie and Jim Unland, these both have done a lot to get the membership to ratify today. I want to send my appreciation to both Jim and George and I'm very grateful to the ratification, thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Kalra: Thank you. I just also wanted to give my thanks to both sides, the POA and our negotiating teams for reaching this agreement. The impact of this ratification is just huge. And it is something that I know every single one of us had our fingers crossed and were praying that it would ratify. And I know initially when the tentative agreement went out there there was a lot of uneasiness through the ranks of the department and I heard a lot of confusion over whether people would want to ratify the tentative agreement. But after the

POA's education campaign, which I know they went to great lengths. I spoke to several people, officers, who were converts, so to speak, who were completely against the tentative agreement before they met with the POA. And then sat through the explanation that the POA provided and changed their minds. And I think it's a testament to how much the POA gets it in the bigger picture. So I just want to say thanks, not only to everyone involved in the actual agreement and especially those who provided the education or training I guess you'd say to really help people understand what was contained in those agreements, but also, the hundreds and hundreds of officers that voted to ratify this agreement, thanks.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. I wanted to echo the praise. I think it's certainly a testament to the persistence of all the negotiators and their committee. We know that there were many points at which we thought negotiations had reached an end and someone came up with a bright idea in one point or another. In one case it was Councilmember Constant who came up with a bright idea that shocked all of us.

>> Councilmember Constant: Not so surprised.

>> Councilmember Liccardo: I want to thank everyone at the table. Particularly George and Jim for their leadership both in taking the time to really educate all the members about just how serious these financial straits are, and really, for output very professional approach to these negotiations. We never get any of the -- any kind of antics or any kind of unprofessional conduct from the POA. It's always about trying to solve problems, and I really appreciate their approach to negotiating. It's certainly refreshing. And also, as a testament to the commitment and dedication of the officers. These are officers who currently work in the thinnest staffed police department of any major city in the United States. It is a staff that's getting thinner, the workload's getting heavier and at the same time they're being asked to give up pay and benefits. And it's obviously a great testament to their commitment to the city and their willingness to sacrifice so I'm very grateful for that.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you. Yeah, I just really want to praise both bargaining teams. I know that it may be the case of many of you, I've certainly been losing sleep over this. I know Alex you and your team probably sense the sense of desperation from the council that we know that how important it was to preserve those positions. And you know, so I guess being able to follow the direction as it changed, and moved, is a testament to you and your team. And to Jim, George and the team, the POA you know they had more than 11 people to convince and listen to. A whole lot more. And I know that it was a huge task for them to be able to come to an agreement at the table. But that was part if not the more minor part, it was a significant part but the biggest part was the past week being able to talk to the membership, educate them, especially when there are arrows being slung at them and there was misinformation being put out there and they still withstood that and got the truth to the membership. And you know, the two side letters that both sides were able to agree to I think were hugely important and show that even after the agreement was made there was still flexibility in order to help the membership to approve this deal. And I think today, I don't think anyone can question the dedication and commitment that our police officers have to each other, to our city, and certainly, to protect and serve the residents of San José.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you. I'd like to echo these sentiments as well. Our residents will all sleep a little better tonight and I really do hope that the bargaining team gets to have a few extra winks of sleep as well. The professionalism that has been shown on both sides of the equation has been really stellar. I really admire your tenacity, your willingness to hang in there and get the job done. I think it's a wonderful testimonial too, to the brotherhood that exists within the police department. And really cannot tell you how relieved I was to hear the good news. Thank you so much for a wonderful job on both sides.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I can't add much more to what's already been said except thank you. I know that everyone up here's grateful and so are the citizens of San José today that this is done. Thank you George thank you Jim, thank you Alex. Because as this negotiation continued, this obviously wasn't easy and they persisted. They persisted until we could get a resolution. With that you've helped save our city. For that I'm very, very grateful. I did lose sleep over this too but I'm sure residents were even more concerned so I'm happy, I'm very happy at this outcome and I hope this eventually turns a page where we can establish a new relationship, a positive, a more positive relationship with the POA going forward. Thank you very much, you have a grateful city today.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you to staff and to the POA for your work, and to the men and women in the police force. The sacrifices they make daily, we can't thank you enough, and measure those, and also, the sacrifice you made on this financial side, and also for the future San José. Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, Mayor Reed. I wanted to strongly thank all the police officers that voted yes for this agreement and send accolades to the negotiating teams on both sides. And finally say you've given us the opportunity, now the ball's in our court, to make sure that we do anything and everything we can to hire back the police officers that will be unfortunately lost in this interim period. Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. I too just want to thank the POA, and the negotiating team. I know this wasn't easy. It was uncomfortable. But obviously, both sides knew that you had to get something done. And it's not perfect but it is something that everybody is comfortable with knowing that we do have to do

what's best for our city and to maintain safety in protecting property and I just want to let you all know that all of the sacrifices that you've all made are noted and are appreciated. Thank you.

>> Mayor Reed: I have no requests from the public to speak on this, so let me just add my comments. I want to thank the leadership of the POA, and our negotiating team. Seems like maybe we'll get a comment on this but while George is coming down I want to thank the negotiators for making this happen and I know it was very difficult. We have one of the best police departments in the country. Unfortunately it is shrinking when it should be growing but those are the difficulties of the times we face. And the willingness of the men and women of the department to take a 10% reduction in total compensation in order to save the jobs of 156 of their fellow officers is to be commended and we thank them for that and the people of the city are grateful for that. And with that I would recognize George Beattie.

>> Morning, Mayor Reed, members of the council, George Beattie representing the San José Police Officers Association. First and foremost I'd like to thank our membership for once again, stepping up to the plate, to make a difficult decision, and it's a testament to their character, and their sense of responsibility, not only for their brother-and-sister officers but for the citizens of San José. I'd also like to thank Alex Gurza and Jennifer Schembri. There's no doubt at times, these contract negotiations were certainly difficult and tenuous. But they were very professional throughout and I'd certainly like to thank them for allowing us to come up with the additional tentative T.A.s so to speak after the tentative agreement was already reached. Those were two objections our members had and certainly, could have gotten to the point where we wouldn't have been able to resolve this in a successful way. I don't have to mention that you know, homicide rate is rising, violent crime is on the increase throughout the city. And I have a request or I'm actually imploring that the mayor and members of the council look at some of the alternative proposals that are out there, to save as many if not all of the remaining officers in tier 1 and I'm referring to the budget proposals by Councilmember Campos, constant and Kalra. And lastly, I think that the POA has demonstrated that the city and a bargaining group can sit down and work on pension reform. That you know, you really can communicate the problems and come up with solutions, and I'm hoping that our ability to come up with an opt-in program or pension reform becomes the platform by which you work with the other bargaining groups and avoid an unnecessary ballot measure here come November. And I'm

confident that we can take a leadership role in trying to come up with pension reform throughout the city. Thank you for your time, have a great lunch.

>> Mayor Reed: I think that concludes the public comments on this item. Anything to add, Alex Gurza?

>> Alex Gurza: No, thank you, mayor.

>> Mayor Reed: We have a motion on the floor to approve. All in favor? Opposed? None opposed, that contract is approved. Thank you all for getting through a very difficult piece of work, Alex and George. I think next on the agenda would be the report of the City Manager. Item 3.1.

>> City Manager Figone: Thank you, Mr. Mayor. I do have one report, since we are spending so much time discussing next year's budget and the City's difficult financial situation, I thought it was timely to mention an economic development effort that will take place next week. It's a conference here at City Hall for entrepreneurs and small businesses that will focus on business development through social media. As social media has come into widespread use the conference will help small businesses in the region understand how to harness the power of social media to help grow their business. The conference which will be next Thursday, June 23rd from 7:00 a.m. to noon in the City Hall rotunda is being hosted by the City's office of economic development, Work2Future, the San José library and other businessownerspace.com partners. The conference is free, and attendees will hear speakers from top social media companies such as Facebook, living social, Yelp and others. They'll be talking about how businesses can use social media to raise brand awareness, promote special deals, and grow their customer base. Attendees will also hear how the city is using social media in a shop San José campaign that will launch this fall. The campaign features a strategic partnership between the city and several social media firms with a goal of driving customers to San José companies to accelerate our local recovery. Anyone interested in attending can register at businessownerspace.com or for more information can contact the City's Office of Economic Development and that concludes my report.

>> Mayor Reed: Thank you, City Manager. We'll now move to the section 4, of the agenda, we'll come back to the budget related items in session 3 after the lump break. So section 4 we'll start with item 4.1, request to allow assignment of outstanding loan from San Carlos town house project to the San Carlos senior apartment project. We have a motion to approve. City Attorney.

>> City Attorney Doyle: Well, I'm told that -- (inaudible) that there is a change that needs to be made to the recommendation, and that the subsection B is to approve a waiver of the requirement that agency supplemental housing funds be used solely to fund extremely low income units to allow a change in the affordability mix for the senior project from 99 affordable unit serving housing holds and then to continue on with the language. But that I just want to note for the record that that change would need to be part of the motion.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: I would amend my motion to be what he said.

>> Mayor Reed: Okay, that's acceptable to the maker of the motion and the seconder so the motion is amended. We have no request to speak on this item, the motion is to approve as amended. Councilmember -- I'm sorry, Councilmember Liccardo.

>> Councilmember Liccardo: I'm not sure if there's someone available who can respond to a question but do I have a question about the item.

>> Ed Shikada: Mr. Mayor, members of the council Ed Shikada, assistant City Manager. We did receive a note that Leslye Corsiglia was called away from the office this morning. So depending on the pleasure of the council if this made sense to lay this over until 1:30, she'd be available to respond to a question.

>> Mayor Reed: Let's see what the question is, I don't know what the question is for.

>> Councilmember Liccardo: It really related to what happens if the 9% tax credit application is rejected, in terms of I understand the memo on page 5 lays out some options but it would just be helpful to understand whether this was the next project in line in the sort of the conga line of developments we have here hoping to get funding or was there a reason if this was in fact leapfrog of the developments, if there was a reason why we picked this one, it would just be helpful to understand.

>> Mayor Reed: Sounds like a Leslye Corsiglia question. So you want to table this until --

>> Councilmember Constant: I'm willing to table my motion until you get the answer.

>> Councilmember Liccardo: I'm sorry to delay, I understand folks are here and I hate to delay it any further.

>> City Manager Figone: Mayor in the meantime we'll see if any staff in housing can help answer this question so we can move the item along.

>> Councilmember Liccardo: Thank you.

>> Mayor Reed: We can take this up, since we're on a stream schedule, we're not always going to have staff here at the same time. Since we have Webb casting and broadcasting, they can track us down here. Table item 4.1. 4.2, historical landmark designation for the Curtis house. Motion to approve. Laurel Prevetti.

>> Laurel Prevetti: I'm sorry, this item and the following item are noticed for 1:30 this afternoon.

>> Mayor Reed: Okay, we'll table item 4.2, and we'll take up 4.3 later this afternoon. How about item 4.4, animal license amnesty program? We have a motion to approve that. Request to speak. All in favor. I'm sorry, I'm sorry.

>> Councilmember Herrera: Yeah, I actually had a memo out, I don't think it's made it down here yet but just supporting this and I just want to say what a great idea I think this is. And you know the best way for us to have

funding to do all the things we need to do for animal control in our city and to support pets, picking up stray and dead animals, helping animals in distress, following up on citizen complaints, providing animal service, we can have that revenue if we can get people to license their pets. I think this is a really excellent program and last time it was done, we were able to increase revenue by 40%. So I'm hoping that this will really stir people to come and register their animals. I know in the case of my district, we had an unfortunate incident with an attack on a resident, and one of the things I requested in an info memo was to start collecting information on dangerous dog bites. But again, asking people to collect information cost staff time and cost money. So again the best way people can help is to register their pets and so I hope people will do this and with that I want to make a -- I guess there is already a motion I'll support the motion on the floor and thank you.

>> Mayor Reed: Motion to approve. All in favor? Opposed, none opposed, that's approved. Item 4.5, regarding fire station number 36 administrative hearing on request for substitution of contractor. I don't think we're having a presentation on this. Unless Dave Sykes is here for questions. But there's no presentation. Substitution of contractors.

>> Mr. Mayor, members of the council, David Sykes acting director of Public Works. Yes, I'm here to help with you with any questions but didn't plan on doing a presentation.

>> Mayor Reed: Okay, questions, Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. Dave, is it common to have contractors come back with substitutions?

>> I wouldn't say it's uncommon. We do require that the general ensure performance on the contract and that general is required to ensure that the subcontractors perform. The only time that these items come to council is if the subcontractor that's being substituted does not consent. So in most cases when the subcontractor is struggling to perform, they normally agree to the substitution, in this particular case the subcontractor did not agree, and that's why we brought the item forward to the council.

>> Councilmember Campos: And the reason why I'm asking the question and what my concerns are is Applegate Johnson was you know the subject of an issue at the last council meeting, in the staff report it mentioned this issue and it mentioned another issue. And so I'm just wondering is it common for in this competitive climate for a contractor to submit bids that could be not responsible in that you know they're just trying to get the lowest bid as possible so they can be selected knowing that okay, if I need to come back and replace some sub, then I'll do it. So I'm just concerned that this particular contractor has come up a few times.

>> Well, I would say that the current bidding environment certainly drives contractors to use subs that submit the lowest bid. I don't think there's any doubt about that. I don't think that they approached the job with the strategy of submitting the lowest bid, with the intent of substituting later on in the project. I think the general's preference would be that that subcontractor would perform. But that's really my opinion. I will say that in the case of apple gate, we have been putting significant pressure on applegate to ensure that they meet the delivery goals of the project.

>> Councilmember Campos: I'm going to support the -- was there a motion on this already? I'm going to support the motion. I'm just concerned as we move forward. And as more Public Works projects come before us that more of this is going to happen. And it's something that we need to pay attention to, thank you.

>> Mayor Reed: Councilmember Herrera you wanted to make the motion? Oh -- well, I don't -- let's back up. Councilmember Constant made a motion. I didn't hear a second to that. Was there a second? Okay so now we have a second for sure which is to approve. Councilmember Herrera.

>> Councilmember Herrera: Yeah, I'd like to speak to it, it's in my district. I think it's very important that we move forward with the fire district and Councilmember Campos raises some good points. But in terms of this, the reasons for the substitution are clear, lack of performance and you know their justification for not you know trying to justify it with not getting paid, as a cause of delay doesn't justify it. The quality of the steel that they had didn't meet the specs and it was a kind of an order that was not a -- was a specified proprietary kind of order, it didn't

meet the specs so they had to go back and continue to lay. So applegate Johnson is doing the right thing to request permission to substitute. So I think it's very important that we move forward with this and I will support the motion, thank you.

>> Mayor Reed: We have a motion to approve. All in favor, opposed, none opposed, that's approved. Item 4.6 is next. That ising amendments to the Cisco systems development agreement and the city's development agreement ordinance. We've got a memorandum out recommending that we make these changes and that we direct staff to bring the ordinance for consideration at a priority-setting session in August on that. Just want to disclose before we get into this that I've met with Larry Burnett and Mike potter of Cisco system, the Morley brothers representing Cisco. Cisco is the largest private sector employer in the City of San José. They have done huge amount of development in North San José, created more than 10,000 jobs, and it's important for us to keep them engaged, invested in investing in the City of San José. And this modification will allow them to stay in the development business with some additional properties. And even though they didn't occupy all the buildings that they constructed back during the boom of the '90s those buildings are filled with companies like IBM with thousands of employees. So San José's blessed to have a large employer like Cisco in the city and this will help them to continue to do that, continue to create jobs for our people. Councilmember Chu.

>> Councilmember Constant: Thank you, mayor. Thank you very much for your leadership on this issue. I also wanted to disclose that my staff has talked to the Cisco, and the Morley brothers I'd like to make a motion for acceptance stated in the memo dated June 3rd from mayor and Councilmember Liccardo and myself.

>> Mayor Reed: Thank you. One more thing I wanted to mention, let's not forget that Cisco generated more than \$29 million of tax increment into our Redevelopment Agency into this last year, we'd like to see more of that. I have no requests to speak. On this motion, all in favor, opposed, none opposed, that's approved. That takes us to item 5.1. Which are grant applications for the round 2 proposition 84, statewide park program grant funds. Motion is to approve. All in favor? Opposed, none opposed, that's approved. Item 5.2, amendment to the pilot program for maintenance funding for new parks facilities. Like to disclose that I've met with Jason Fong of the Irvine apartment company as part of this. Irvine has invested a lot in North San José and particularly in some nice parks

and this is a way for us and the Irvine company to build a park and fund the maintenance of a new park at river oaks park where there are 1100 housing units under construction. Again building the park wouldn't be possible and these units wouldn't be under construction if the staff hadn't done a great job with the revenue and tax team that we put together last fall to expedite permitting not just for Irvine but thousands of other units by other developers that are moving ahead. So we have a motion to approve. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor Reed. Since we first did this was sort of a unique situation to try open parks that we were unable to open through using funds for other purposes which we did in one case which I said was -- I thought was pretty rare circumstance. Since then we've had our park department come back with the costing model of outsourcing park maintenance. And it's clear to me that by simply changing the delivery model and being able to provide maintenance for existing parks would allow us to open up our new parks. So at this point I'll be voting no on this item.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I just wanted to thank park staff for their willingness to engage in these kinds of creative solutions. I know it took us an awful lot of work just to get newhall sort of the finish line with regard to considering how we can creatively but legally utilize city resources to ensure that we can deliver parks and I really appreciate the fact that we're being open minded in this time of great scarcity.

>> Mayor Reed: Thank you. We have a motion to approve. All in favor, opposed, one opposed, Oliverio's opposed that motion passes. Item 6.2. I think is our next in order that hasn't been noticed for the afternoon. Actions related to the development of battery switch stations and the operations of a network of zero emission battery switchable electric taxi vehicles. Motion is to approve. All in favor, opposed, none opposed, that's approved. Item 7.2, San José municipality water system 2010 urban water management update. This is a special hearing. I've got a script that we have to follow so let me just get into it. We're opening a public hearing, on the San José municipal water system implementation plan for the water conservation bill of 2009 which includes the establishment of urban per capita water use targets and the 2010 urban water management plan update for the

San José municipal water system. This public hearing provides an opportunity for any interested person to provide input on the water use targets, implementation plan for meeting the targets, considering the economic impacts of the plan before adopting the method for determining these targets is included in the municipal water company's draft 2010 urban water management plan. This hearing is being held pursuant to division 6, part 255, section 10608.26 of the California water code. I'm sure you all remember what that is. Information on the water use targets was posted on the City's Website on March 24th, 2011. If anyone wishes to provide comments on the water use targets please fill out a comment card and we will get to those comments shortly. This hearing also provides an opportunity for any interested parties or persons to provide comments on Muni water's draft 2010 urban water management plan and is being held pursuant to division 6, part 2.6, section 10642 of the California Water Code. A hard copy of the final draft has been available for public inspection and review at the muni water office during normal business hours since May 13th, 2011. The final draft of the plan was posted open the City's Website on May 25th, 2011. Plan was last updated in 2005. The 2010 plan needs to be adopted by July 1st, 2011. And then submitted to the California Department of Water resources. If anyone would like to provide comments on the final draft please fill out a comment card and we'll get to those in a minute. So this is the opening of the public hearing and we will start with the staff report if there is one. I don't think that we're going to have a staff report, Ed Shikada says no. Then we'll take up the public testimony. Do we have any cards from the public? Anybody here wishing to speak on this before we make decisions? No, there are none. So we're going to close the public hearing on the urban per capita water use targets and the 2010 urban water management plan for the San José municipal water system. And is there a motion? We have a motion to approve, Councilmember Herrera. Okay, Councilmember Pyle.

>> Councilmember Pyle: It's my understanding that this will evaluate the water supply available for the San José Muni water system up until the year 2035. And doesn't this also help us apply for garages that we otherwise would not be able to receive? Yes?

>> Ed Shikada: That is correct, yes.

>> Councilmember Pyle: Thank you. I think that's certainly worth our vote.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: I just had I guess a question here. Do you see any difficulty in meeting our requirements by 2020?

>> Ed Shikada: Let's see, our Muni water staff also not here this morning. Pursuant to the discussion at the transportation and environment committee last week, the plan does lay out the specific steps following our water conservation plan that would enable the city to meet its targets.

>> Councilmember Herrera: Great. I just want to say last week when we talked about Muni water at T&E, it's a well-run organization, it doesn't have my maintenance backlogs, and we can be proud of this entity within our city.

>> Mayor Reed: I would note that there was a story in the paper about the rebuild of the Hetch-Hetchy water system with the tunnel under the bay. That's a multibillion dollar system upgrade. And we do get some water from Hetchy for the municipal water system serving the northern part of the city. On the motion we have a motion to approve. All in favor? Opposed, none opposed, that's approved. Item 8.1, I think this is the last one we'll take before we break for lunch. That's the agreement with county of Santa Clara County emergency medical services agency 911 emergency medical services provider.

>> City Manager Figone: Mr. Mayor, I don't think the staff who would be making the presentation are here, correct Alexandra, we could either get them here quickly or if you would like to hold this item.

>> Mayor Reed: I think we can wait. I think we'll sit in the back and eat our lunch and wait for 1:30. I think that is what we'll do. This is a shorter break than usual but there is food in the back, is there City Clerk? Thank you all, we'll recess until 1:30. [Recess]

>> Mayor Reed: (gavel strike) Good afternoon. I'd like to call the San José city council meeting to order for June 14th, 2011. This is the continuation of the meeting we started this morning. We have worked our way through a significant portion of the agenda but we have items that we didn't finish this morning as well as items on this afternoon's agenda just to let you know where we are in the agenda after we do the invocation and pledge of allegiance we will take up the budget related matters starting with the budget message, item 9.1 and going to through the 3 section and then into a couple of items in the 4 section, and a couple of later items that we have to take up. We had questions on that we couldn't answer this morning. So we're well into the agenda though, made good progress. So at this point we will take up the invocation. District 6. Councilmember Oliverio will introduce the invocator.

>> Councilmember Oliverio: Thank you Mayor. We are joined by Father Mark from St. Christopher's church who will be bringing love and sunshine into this council chamber. St. Christopher's Church will be celebrating their 60th year in Willow Glen, and again, we thank you, Father Mark.

>> In the name of the father, and of the son, and of the holy spirit. May the lord who went about doing good be always with you. God is love, and in the desire to make us share in this love he sent his son Jesus into the world to promise our aid in gentle kindness to help those who are weak, who are sick, the unfortunate and to establish these in our community. In his great love for all of us, Jesus said that whatever that we do for the least among us we will do for him. He called those who show mercy blessed of his father and promised them eternal life. Let us then pray for the lord's richest blessings, these civil officials and all gathered this afternoon who devote themselves to helping the community. Blessed are you, lord, God of mercy, who your son gave us a marvelous example of charity, service, and the great commandment of love for one another. Send down your blessings on these our officials and for all of us gathered this afternoon, who so generously devote ourselves in helping our community. Bless each of us as we begin our meeting, and send your holy spirit with each of us so we can come to peaceful decisions that is for the good of all people. For this we ask through Christ our lord amen.

>> Mayor Reed: Thank you father. Next is the pledge of allegiance. Joining us in the pledge of allegiance would be district 8 girl scout troop, thank you for joining us, please stand. Pledge of allegiance [pledge of allegiance]

>> Mayor Reed: Just like to note that this meeting will be adjourned in memory of lance corporation ray Harry Lew, who passed away in April while defending our country. For his approach to life will be a creative expression that inspired those around him he will be remembered. Councilmember Chu has some further words.

>> Councilmember Chu: Thank you, mayor. It was with deep sadness that we learned of the passing of lance corporal Harry Lew in Afghanistan. He was 21 years old. His family have joined us. His uncle the former mayor of Sunnyvale Dean Chew. Would you please stand up. Harry was a good son and brother, a friend to many. A great performer and a dedicated soldier in the U.S. marine corps. Harry was known for getting along with everybody because of his easy going nature. He also took his job seriously and performed his duties with enthusiasm. He always brought laughter and smiles with him wherever he went. As an enthusiastic of physical sports and dancing, he loved Wu Chu the Chinese martial arts and gymnastic. Provided positive motivation to those with whom he interact. His service to our country was exclamatory. He will serve as a role model in our country and especially in the Chinese American community for years to come. He served to protect our country, our freedom, and our way of life. During his services, Harry was honored with national defense service medal, the global war on terrorism service medal, and the Afghanistan campaign medal. Harry left his -- this world in a much better place than he found it. May his memory forever live on in his hearts and minds. Thank you.

>> Mayor Reed: Thank you, Councilmember Chu. Our first item of business this afternoon in front of us will be the budget message, item 9.1. We'll do the budget message and we'll work our way through the budget related items in the 3 section. We started our hearing on the budget message and the budget last night. We had a crowd of people here to give their input which we took last night and we're continuing this hearing this afternoon, we will take action. Councilmembers have made recommendations in over 50 budget requests totaling over \$30 million. Impossible to fund every proposal, but I've made an effort that funded recommendations that were consistent with the priorities of the community and the priorities of the council. The budget message does include funding, supplemental funding to keep our San José branch libraries open four days a week. That's not a great

record of four days a week but it's better than three and a half or three. Is we will be able to restore 49 firefighter positions those firefighters that were laid off last year through a Safr grant. We are working to rehire additional police officers, from any increase in the sales tax receipts or a COPS grant and to maximize the number of officers on patrol. Of course when it comes to police officers, we are grateful for the Police Officers Association contract and the vote of the men and women of the department to approve a deal that would cut their pay by 10%, they're toilet compensation by 10% which has been approved by the council this morning. That will save the jobs of 156 police officers. We do have the possibility of another ten officers through the COPS grant and we have a memorandum that came out late yesterday or this morning in response to our previous direction to see what we can do with any additional sales tax revenues, so I need to incorporate that memo into the budget approval because that would add another five officers. I'll speak in a minute about some other opportunities. There's also funding to preserve the safe school campus initiative at the middle schools in addition to the high schools. We can restore two park rangers that will bring us to six full time equivalents and two and a half part-time positions. We can add \$75,000 to fund additional high-priority intersections for crossing guards. We can reinstate two code enforcement officers to retain our ability to respond to neighborhood quality-of-life concerns, and we can allocate \$400,000 to continue our wellness programs at the city and community-based organization sites in addition to the \$550,000 that was recommended by the city-county task force on senior programs. With this message and the council's approval today also begins the process of preparing for another shortfall in 2012 and we have to start early so we can avoid another year of service cuts. I'm recommending that we move ahead on the retirement reform, accelerating a sale of assets and using one-time funding sources, contracting out additional services, polling to explore the feasibility of taking potential revenue measures to the voters, and accelerating other elements of the City Manager's fiscal reform plan, all of which combined could help us avoid service cuts in 2012. That's a big challenge. But it's something that we need to do because we have cut and cut and cut, ten years of cutting, have cut our services way beyond what they should be. Councilmembers have seen a supplemental memo that I released to correct -- make some corrections in source and uses statement, as -- and some library position changes to minimize layoffs in the library department. I mentioned earlier, managers budget addendum number 48 regarding the sales tax revenues to rehire five officers. That needs to be incorporated. And several councilmembers were concerned about the youth commission and a recreation specialist to support the youth commission. In discussion with the department, PRNS department can continue to retain support for the

youth commission without additional funding to the department so we don't have to make cuts elsewhere. However like everywhere else, other services have to be reduced support and the youth outreach position is going to have to do more than just the youth commission. In order to fund the youth outreach specialist for \$91,400 PRNS would have to eliminate 1.25 recreation leader part time and use \$50,000 in nonpersonal funding from citywide team programs provided at the community centers. But the youth outreach specialist would be there to support the youth commission and also to help support the teen programs citywide. But that at least allows us to preserve that position that people are concerned about. Another recommendation in the budget message was a consideration of modification and how we calculate the 1% set aside out of capital funds for our projects. I had originally recommended that just be reviewed annually by the Public Safety, Finance and Strategic Support committee to verify for eligible funds but I think it will be better if the city council does that and we just build it into our CIP program and so when we're looking at capital projects the city council can review whether or not the art set aside spending is appropriate under the ordinance and that would just fit into the budget study session process. One other item in discussion with the budget staff, we can take \$550,000 from the unemployment insurance claims payment, that's General Fund dollars, if we do that we could save another three police officers, approximately. I'm not trying to tie it down to the dollar but I think it's good enough to save three police officers and I recommend that we do that, that's based on a recalculation, based on everything else that's happened, we have a little bit extra money to do that. If we were to do that as well as the five officers that we can fund out of the slight increase in sales tax revenues and the ten officers we can get out of the COPS grant that would be an additional 18 officers. Nowhere near enough to offset the reductions in the department, but 18 officers would be important. With that, those are my modified recommendations. I would ask my council to support it. We've been through this for months now. It's been a long process. We have heard from thousands of people, in many budget study sessions, public sessions and many other ways and we appreciate the community's effort to help us make the right decision but ultimately it does come down to making a decision and that's what we have in front of us. So I'm asking for my council's support for the budget message. Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you, mayor Reed. I'm just wondering if we wanted to hear from the public first or should I start?

>> Mayor Reed: I think we can take the public testimony first. We have a few people that want to speak, that would be fine. Those of you who spoke last night don't get a second shot but anybody who hasn't already spoken on this matter we'll take now. We've got cards so please come on down, as I call your names so that we're close to the podium. Phil Henderson, Roger Lassen, and Robert Sapien.

>> Okay, anyway, first I want to thank the mayor and council for their courageous stand in imposing a cut on the unions and upon themselves, the 10%, for without that cut, I know that 220 employees and possibly neighborhood centers and senior centers would have to close. I represent 400 seniors from Evergreen and without exception they also support what you have done so I bring you greetings from them. For some seniors their whole lunch is there. The life, the lunch, the camaraderie, they provide a life and reason for living. Without the senior centers some would not want to live. The access to friends would be cut and that tight and the unions must share in the belt tightening like everyone else. And without proper management of budget, control of this -- and control of it, this city will go bankrupt. I know it, and the city employees will lose both jobs and pensions and that's not good recommendation by the unions if they cost their members pensions. I as well as the City's future. Thank you.

>> Mayor Reed: Rogers Lassen, Robert Sapien, David Wall.

>> I also would like to thank the mayor and those councilmembers that supported the mayor in this budget battle. The city situation financially, is quite serious. I follow this very closely. I look at the credit reports, the Fitch reports so I learn a lot about the city. Going bankrupt is a horrible thing that happens. It affects property values, it discourages corporations from locating here so it will be less jobs, slower recovery. Also breaks the contracts with the employees the unions and that sort of thing. So with luck you'll keep us from the brink of disaster and I thank you very, very much.

>> Mayor Reed: Robert Sapien, David Wall, Robasher Ahmad.

>> Good afternoon, mayor and council, speak on two things, Safr grant and accepting the Safr grant. I'm really up here to acknowledge fire department staff for working very hard to make the case to the federal government, that

San José can use some assistance with staffing. And secondly I'd like to thank both fire department staff and city staff for the due diligence in making sure that the details of the grant suited the needs of the city. So thank you very much to everyone involved. Secondly with regard to workers comp changes, I just want to express that San José firefighters support any changes that would accelerate treatment and return to work for firefighters. We just want to emphasize that these changes are being made to save dollars and so we should proceed make sure that we're going in the right direction so we can do that. Thank you very much.

>> Mayor Reed: David Wall, Mubasher Ahmad, Stan Taylor.

>> David Wall: Let us pause a minute and look at our banner, San José, capital of Silicon Valley. Now, City of San José, the murdered capital of Silicon Valley. We have heard about trying to save San José police officers but this is political banter, Mr. Mayor. Have you not your six senior policy advisors still on the payroll? I suggest they become volunteers and that funding be shifted immediately to the police department. You preamble you did a calculation of 18 more police officers. Here is six more possibly seven. What about the additional fat within the office of City Manager. There's still police officer positions there, too. So let's look at this murder capital of Silicon Valley. If Agatha Christy was alive today, she'd be writing a book, murder by district. It is a fact. You cut down the police department so bad, murder is rampant, crime is a free fall. My neighborhood I had to chastise two people from stealing property from my neighbors, even in the presence of a police officer. Had he to leave because of an accident on south fifth street. So I guess in closing the only thing that's more disingenuous about your decisions with public safety is your lack of real support for the police department and at what point in time is music in the park going to become murder in the park? Good afternoon.

>> Mayor Reed: Mubasher Ahmad, Stan Taylor, Chuck Rawling.

>> My name is Mubasher Ahmad, imam at one of the modification. Last time I was here I splitted that we have to try our best to cut down expenses a little bit more than we have so far but more importantly we have to vigorously try to increase our revenues. And I'm very pleased to see this time that steps are being taken in the right direction though they are small baby steps but I personally believe we can do better. We can invite investors and business

men coming into San José, instead of kind of scaring them to go out. So this will give us more revenues and we will be able to spend more and gives to those poor families and those human beings who will be without jobs, and their families, husbands, wives, children will be suffering. So my appeal again is to please work hard to see how we can increase the revenues of the city as much as possible and that will help to bring the justice for all not for only a few and will bring religious faith back to pray for you that we need in grace and we need in benevolence for all man kind who are living in this great city. Thank you.

>> Mayor Reed: Thank you. Before we move on I just want to make clear how we're going to handle the testimony, like we did last night we're going to take the testimony on all the budget items, up front. Before we move into voting on any of those. So I've gotten cards on 9.1, 3.3, 3.4, 5, 6, 7, and 8, all the budget-related items. So submit a card if you wish to speak. Stan Taylor, Chuck Rawlings, John Freesman.

>> Again I'm Stan Taylor, I'm speaking as a Catholic. And thinking about the budget, this actually applies to the California budget, but I think it applies to any budget as well, because the board's budget is a moral statement, a framework addressing the budget crisis. And one of the things it calls for in there is all policies and budgets should promote families, religious communities, business enterprises, labor unions, charitable associations, cultural institutions and local government in a manner that contributes to the economic vitality, human welfare and charitable endeavors. There are possibly other ways such as using the RDA funds et cetera, to relieve some of the loss in services. And I'd like to leave you with one other thought: I, my career was as a cognitive psychologist. And one of the principles we applied there I think could be adapted to think about budgets. Our principle was, whatever you've done simplify it one more time. And what would I say for the budget, when you think you've found and exhausted every possible way to save money for services, look at it one more time. In the you're sure that the budget promotes the values that we citizens of San José have. Thank you.

>> Mayor Reed: Chuck Rawlings, John Freissman, Bob Brownstein.

>> I'm reverend Chuck Rawlings of the Presbytery of San José. First of all this is an unanticipated economic crisis that we find ourselves in, unimaginable in terms of the collapse of huge financial institutions. It has led to the

ruination of so much of the stability of our communities and in that context it seems to me we have to place the principle of fairness and justice for all ahead of all other priorities. Human priorities must come first for us. Second thing: Is a harder thing to put our mind about. And that is the hard truth, that up the road, Apple computer was \$350 billion in assets. Has shipped together with Intel, Microsoft and others, 1.2 million computer assembly jobs across the ocean to Asia. Not arguing that those should be kept here. I'm arguing that a percentage of them should be kept here. If you kept 20% of that 1.2 million jobs that have been sent over there by Apple and the other computer companies, you'd have 200,000 jobs in the Silicon Valley. Jobs are the backbone of the economy that you need for the stability of the city and for your own rule making. So I want to urge us to enlarge our sense of perspective about where all of this is coming from. And to see that it is coming from our continuing excesses of the growing gap between the rich and poor. Huge assets, you are arguing, struggling with a \$3 billion budget, is that the approximate figure. They are stewarding \$350 billion. What is wrong with that picture? That's the moral question I want to leave you with. Thank you.

>> Mayor Reed: John Freissman, Bob Brownstein, Chuck Andrew.

>> Mr. Mayor, councilmembers, I'm John Freissman, I'm the pastor at Holy Redeemer Lutheran Church on the Alameda, vice chair of the economic -- interfaith council of economics and justice, and vice president of the California state council of churches. I would not delude myself as I come here today that you haven't already made up your minds. And yet in the church there's always hope. And so I rise to say to you, leaders lead. You were elected to lead this city. You were elected to lead it in the best way possible and I for one do not believe that you are. You cannot stop negotiating. You cannot stop looking for one more solution to the problem. And simply say, you know, I looked at the budget, and it surprised me what was in there as I heard last time I was here. It surprised me what was there and I guess we'll just have to go along with imposing and cutting and not giving the citizens what they need. Leaders, lead. And it's not always easy but it is necessary. And when leaders pass budgets the church believes that budgets are moral documents. They say what's important to us as a city. And when I see cut after cut after cut being made to neighborhoods and to libraries and to police and firemen, I see our priorities are in the wrong place and we need to make some other decisions. When budgets are passed they cannot appear to be retributive, and this one does for what reason I don't know I believe it brings shame, it brings

shame upon you as leaders of the city and it brings shame on the leaders of the city and I'm not sure this is the path that we want to go down and I would ask you to find another way.

>> Mayor Reed: Sorry time up. Bob Brownstein. Followed by Chuck Andrew and Michael Thompson.

>> Mayor Reed and members of the council. San José is a large, diverse and complex city and therefore a mayor's message at its best has to be an effort to achieve balance. I think Mayor Reed's budget message is a serious effort to achieve balance, although I think it can be improved on by the proposals that have been presented by councilmembers Campos and Kalra. Proposals that will shift some more resources to neighborhood services and to Public Safety. But I certainly don't think that the mayor's message and the notion of balance that it includes should be contemptuously dismissed as the memo by Councilmember Constant which essentially has only one priority and fails to recognize that youth programs and park rangers are also part of law and order and public safety. In fact, the people who investigate businesses that defraud workers on city contracts are also part of the City's effort to maintain law and order and prevent a form of theft. So I think the city budget should be balanced in more than just one way. It should be balanced not just in terms of assets and liabilities. It also should be balanced in terms of the spectrum of services and constituencies that it serves and the mayor's message with some modifications as I've just indicated can move in that direction. Thank you.

>> Mayor Reed: Chuck Andrew, Michael Thompson, Doug lock.

>> Thank you, councilmembers, Mr. Mayor. My name is Chuck Andrew, I'm a business agent with Teamsters local 665. And our local represents parking workers at the airport. And recently the RFP for that parking assignment, parking contract came out and was published and it does not include in that RFP the prevailing wage. Thus the living wage would be kind of the floor for wages there. If that RFP does not include the prevailing wage as the current RFP does, then our members can see a 30% reduction in their wages. Not 10%, as many local unions have adopted at the City's mandate but 30% and perhaps more. And I would ask to have the opportunity to discuss this with you and see if we can revise the RFP to include the prevailing wage and to protect the workers there at the airport. Thank you.

>> Mayor Reed: Michael Thompson, Doug lock, Rebecca Keiken.

>> My name is Michael Thompson, and I'm a business representative for Teamsters Local 665. I represent the cashiers at the San José international airport. The proposed RFP for the employees working in the parking areas would force them to take a 30% cut in pay. To workers that barely can make it on the 25 to \$30,000 that they're making a year now. We'd ask that the current RFP right now has prevailing wage and we'd like to keep that. Thank you.

>> Mayor Reed: Doug lock, Rebecca Keiken, Bea Chun.

>> Good afternoon, councilmembers, my name is Doug Block, I'm the political director for Teamsters Joint Council 7, which represents over 90,000 members in Northern California. And also workers at the San José airport as you just heard. I believe our members are willing to sit down and give the mayor's called upon 10% budget cuts at the bargaining table. But as you heard they will not have that chance. Because the language in the RFP calls for the living wage instead of the prevailing wage. That means workers making \$25,000 a year will take a 30% pay cut or more. I believe it was the intent of this council when you passed the living wage to lift the salaries up of low-income people in San José. And this does the exact opposite. Obviously, that's wrong. And I will be calling you over the next couple weeks and look forward to meeting with you to fix this situation. Thank you.

>> Mayor Reed: Rebecca Keiken, Bea Chun, Emily Gatfield.

>> In seminary we learned that there is no peace without justice. In these years we learn that there is no peace without economic justice. So our city we know is only as strong as its weakest members. And that is why last fall 6,000 people of faith from all faiths in this city pledged a commitment to moral budgeting. And it said, let us give a high priority to the poor and the sick, the old and very young, let us ensure basic community safety. I think today

you have the opportunity to do more, to do better, and to fulfill this pledge to moral budgeting that 6,000 people of your and our city have made. Thank you.

>> Mayor Reed: Bea Chun, Emily Gatfield, Robert Sandoval.

>> I'm pastor Bea Chun from Christ the Good Shepherd Lutheran Church, and I have no illusion that there are any new facts or new insights that I can bring before you. So I stand here simply as a witness and I want to point out how important it is to continue always to be in conversation, not to give up on each other. Not to give up on dialogue on talk and to honor everybody's contribution, everybody's willingness. So that we can continue to be a city not just that it is financially viable but also has a spirit of cooperation. And concerned about the morale of people working in the city and you know how will we go forward into the future as I perceive us to become more and more fragmented. And I appeal to you. I appeal to you to please try to build up the common good.

>> Mayor Reed: Emily Gatfield, Tony San Severino, Savan.

>> I'm Emily Gatfield. Thank you for the opportunity to speak. I see a lot more areas where money can be brought in. Councilmember Campos has brought something forward. I believe Ash has also put something forward. You can go after the redevelopment funds that are out there. You could find the banks that are failing to maintain foreclosed properties. There are other options. Obviously, the city needs its janitors. Perhaps some of your senior staff is superfluous. There are other options. Please find them. Can you find this money. I don't understand -- you can find this money. I don't understand why you would pass something that is clearly going to result in legal fees that could be avoided. Thank you very much.

>> Mayor Reed: Tony San Severino, Augustin.

>> Hello, I'm Tony San Severino, 100 youths that have been working to protect our center and senior nutrition programs citywide for the past two years. A group of us are here to say thank you and ask you for your support Mayor Reed. Vice Mayor Madison you Nguyen and Councilmember Liccardo. On behalf of our committee we

would like to express our full support for the allocation of the \$400,000 for senior nutrition services as well as the support for two recreational specialists. We thank you for your leadership on this. The reality is the senior nutrition program is vital to the health of the seniors and entire community. For me, the center is like my family, and has seen me through both wonderful and difficult times. It has not only allowed me to get a nutrition meal every day at affordable cost but more importantly, its programming has taken me out of isolation, I feel in my home. The dance -- the dances trips and programs and what makes me a strong and healthy senior. So today, in addition to saying thank you, I want to ask that the rest of the council also support us and thousands of seniors that see this as their life line. Thank you and only with your support. Can we make sure our city continues to support seniors. Thank you.

>> Mayor Reed: Augustin Vivan, José Orta, Megan fluke.

>> Good afternoon. Same message. Hello, my name is Augustin Vivan. I'm also a member of the Alma senior citizen committee and a senior who has attended the Alma center for many years. I am a man of few years, simply to say the Alma senior center is my second home and my second family and day want to say thank you for those who have already expressed support for my second home and my second family. And hopefully the entire council does the same thing. Mayor Reed and Madison Nguyen and Councilmember Liccardo, we thank you for your leadership on this issue. It's extremely important that we have to look for creative ways to support this community services. By working with nonprofits that we see where the gaps are and we are able to fill them. Without Mayor Reed's inclusion of \$400,000 and staffing of two recreational specialists many of our centers would be left broken. We would have no such session which is for us the difference of having our daily exercise keeps us healthy and field trips and helps us to get away from the 74 walls at home. For your support we can have work with nonprofits and keep Alma whole. So today, ask you to please keep Alma as a whole. Thank you.

>> Mayor Reed: José Orta, Megan fluke, George Beattie.

>> Hello council. My name is José Orta, I'm a community work were sacred heart community service. We serve over 40,000 people a year of the most marginalized people in the city. I work with a committee of concerned

citizens about the safety of their neighborhood and I'm here to advocate for a very specific piece of the budget which is crime prevention dollars. We understand that we're trying to save police officers. We applaud the efforts of Councilmember Campos and other councilmen who are trying to save police officers. But just understand the community is the greatest asset that the police has and as you try to save these positions also think about the police community relations positions or the crime prevention positions that are also very vital to our community. Everybody knows that prevention is the best medicine. So why are we focused on putting all our money into suppression? We need crime prevention, and we need crime intervention. We could have a million police officers patrolling the streets. That doesn't mean it's going to get better. Thank you.

>> Mayor Reed: Megan fluke, George Beattie, Fredericko Bonato.

>> Honorable mayor and city council, thank you for the opportunity to comment. My name is Megan Fluke. I'm a resident of San José and representing Habitat Conservation Now, a growing coalition of organizations and community members including the Sierra Club, Loma Prieta chapter, Green Belt Alliance, community for green foothills, Santa Clara Valley Audobon Society, and the California Native plant society. We are concerned by item number 37A in your budget message that indicates you perceive the Santa Clara Valley habitat plan putting San José in a position of competitive disadvantage. We strongly urge you to continue the city's leadership and funding for the habitat plan. Just two months ago the city of Gilroy hastily made the decision to cease involvement in the habitat plan. Realizing their vote put their city at a competitive disadvantage, a mere five weeks later the council voted to rejoin the habitat plan. Our experience suggests that in the future not only will San José benefit from the development assurances of the plan but that Silicon Valley cities will be clamoring to join in order to facilitate the permitting process for infrastructure, economic and residential development in their jurisdictions. There is ample evidence that participating in a habitat plan in fact puts communities at a competitive advantage as it promotes far greater certainty around the permitting to developers who are looking for places to build. If the plan is not approved it is extremely likely that development proposals in San José will be significantly impacted by coming changes and how impacts to the bay checker spot butterfly and burrowing owl in particular are mitigated. We respectfully request removal of item number 37A from your budget message. The habitat conservation now coalition seeks to facilitate the completion and implementation of a habitat plan that meets the goals articulated at

the onset of the process. Preservation of critical habitat and a streamlined efficient and dural permitting process for development in the plan area. Thank you very much.

>> Mayor Reed: George Beattie, Federico Benato, Martha O'Connell.

>> Good afternoon, Mayor Reed, members of the council. George Beattie representing the Police Officers Association. I just want to say we understand that you have difficult decisions to make up here. Trying to balance the budget and address every service that the city would like. I think it becomes difficult when you have many priorities in which you're trying to address, and maintain. However, a City's number one priority, your number one priority is public safety. That's number one. And I understand I've heard the mayor's message this afternoon saying that we are able to save 18 jobs. I think that's a good start. However, that is not going to be enough. Just in the last week alone here in San José, we had a riot involving 100 people. Three people were stabbed. We've had two homicides. We've had a triple shooting, we've had a quadruple shooting. 18 officers saving their jobs is not going to be enough. We are the most understaffed major city police department in the United States. We need every single officer that we have. It sends a bad message to the community. And it sends a bad message to those that come to prey on this community. Today the men and women of the San José Police Officers Association they did their part. They did what it took, they did what they had to do to save 156 positions. I am asking the council now to consider some alternative proposals that are out there, by Councilmember Campos, constant and Kalra, that will minimize police layoffs here in the city, and do your best to maybe absolutely get rid of them. But I implore you, things are not going to get better. They're only going to get worse. Thank you very much for your time. [applause]

>> Mayor Reed: Martha O'Connell, Federico Benato, Patricia Ventimiglia.

>> Martha O'Connell, Homeowners Organized to Maintain Equity, addressing the sewers, storm drain and garbage fees. The folks who live in mobile home parks have seen a 73% increase in seven years, in their sewer charges with a 35% increase over the next four years. The department recommending these increases is one of the most bloated in the city. The top three managers in environmental services between them make half a million

dollars. The next 8 between them make over half a million, that's over \$1 million a year for 11 employees and we're paying for this out of an increase in our storm drain and sewer charges. We're also paying \$65,000 for digital photos of the sewer plant, and millions of dollars are planned on spending public art in a sewer plant. I'm asking once again who is representing the poor, the disabled, and the seniors in the City of San José? We can cut back on food, we can keep the heater off when it's cold, but we have no control over these escalation prices on storm drain and sewer charges. This city needs a rate assistance program which you do not have for these charges, and it needs to be tied to the elder economic standard security index. As far as the garbage charges, once again you need to let neighbors share their carts. And you need an assistance program which lets folks, right now it's set at \$1500. Nobody can live in San José for that. You'd have to be living under a bridge. So you need to revise your figures to reflect what it is in San José. Please do the right thing for folks and do not raise these fees.

>> Mayor Reed: Patricia Ventimiglia, Joseph Osai, Carlo America.

>> Good afternoon, my name is Patricia ventimiglia, I'm here about the increase in the storm sewer service charge. My husband and I were retired. We were able to few years ago to buy a small commercial building for rent to live on during our retirement. And in the last few years we've had to reduce our rents, and at times, give free rent, in order to keep our tenants, our taxes keep going up, the assessments, the bonds keep going up, but we have not been able to raise any rents in fact, you know we've had to lower them. We just feel that the current state of the economy with people that own a small commercial building, can't continue to keep subsidizing. My husband is disabled, unable to work. So the current state of the economy is not the time to raise these fees and taxes, and assessments. Thank you.

>> Mayor Reed: Joseph Osai, Lowe America, Gina America. .

>> Yes, honorable mayor, councilmembers, my name is Joseph Osai, resident of San José. I tried to do today off, to make sure I come to this meeting. My job is in San Francisco, I decide this is important enough to take time to come to speak to you. With respect to the recycle plus!, I think San Francisco is \$27 something for \$32 gallon. I

see no reason why it should be raised. One reason advance was, increasing for energy cost. You and I have suffered the same energy cost. I am asking you that you ask recycle plus! to review their program operations and find ways to improve their cost. With respect to the storm and sewer system, there was nothing in the documentation I received that showed how much is this increase going to yield? How many appliance? How many are we going to replace? It doesn't say that. So before you approve an increase you should say, okay tell us how many appliance we are going to replace, how many outflows we are going to replace and this is the dollar amount that it is going to take. Thank you very much for your time.

>> Carlo America, Alma Merrick.

>> Hi everybody, my name is Carlo America. And I complain about the sewer rates in San José and in my place, from \$1,389, to \$4,293 in one year, mean more than double. Then the one place, sewer, charging me for sewer. \$817. I want to know how can charge two time money in just one year from \$1800 to -- for almost a \$4,000 a year. This is a sewer complaint. Mean more than double, in one year. I complain, nobody knew about, they still continue raise, now tell me 6% raise this year for this already. For \$4,894, more than 5,000 pretty soon. Already pay \$4293, last year, still nobody, see the mistake. That's the complaint. Okay, Mr. Mayor.

>> Mayor Reed: Okay.

>> Thank you very much.

>> Mayor Reed: Thank you for your testimony. Gina America. Bob Leninger, Bob backman.

>> My name is Gina America. I'm here to speak to storm sewer charge, what Carlo America, my father-in-law, we find these are excessive and unreasonable and we're small business owners and residents here in San José. It's just excessive for our family and it just seems you should take into consideration the state of the economy and perhaps consider lowering the increase. And having no increase, on one of their parcels which doesn't even have a storm sewer service. Thank you.

>> Mayor Reed: Bob Leninger, Elana Bachman, David Oke.

>> Bob Leninger, speaking here as an individual. I have an item here I wanted to direct your attention to, that I think it certainly doesn't measure up when it comes to the importance of firefighters and police given the circumstances underway here but it affects a lot of people for an asset of growing importance on page 16 of the message, the rancho Del Pueblo golf course. It says in there for directing staff to complete research, accelerate the sale process and bring this to the city council as soon as possible. I've been actively involved out there for a number of months. I've probably talked to over 400 people at the court, in the community citywide about this. At this point there hasn't even been a draft EIR issued, which the public review process as required. I check the Website a couple of times a week. The people I've talked to out there are quite unhappy with no notice, and as far as they can see no effort to see if we can find solutions to keeping that golf course open. Now I understand the operating budget problem and I'm not here to say the operating budget beyond maybe a little bit more can help out. But it seems to me that there's some creative ways that we can look at bonding, capital programs, and the like, to seize what we can do for this growing asset. This facility would overflow tenfold with the kids that have gone through first tee and it would overflow tenfold by the superseniors that can't play anyplace else but there. So I suggest right now that rather than direct staff to do this, you direct staff to go out into the community, do some due diligence internally and with the community to take a look at creative ways not through maybe the operating budget to find ways to keep it open. I've talked to over 400 very unhappy people and I don't think that's going to go away and as far as I can tell, and as far as they are concerned, this golf course isn't going to go away.

>> Mayor Reed: Elana Bachman, David Oke, Sherry Chan.

>> My name is Elana Bachman, I'm a workers comp supervisor here at the City of San José. I'm alarmed by the elimination of four claims adjustors positions from the workers compensation program. As a self-insured entity, the city is responsible for claim payments to employees while injured on the job. The state mandates that we provide these benefits timely, and within their deadlines, or we will be penalized. The city is also responsible to ensure service delivery is as cost effective as possible. Without adequate staffing, it will be very difficult to meet

these deadlines. Let alone reduce claims costs. Additionally, service to our employees, city departments and vendors will no doubt suffer. We will lose our ability to defend the claims as they should be. As it is the City's goal to save money then it is essential to maintain adequate staffing. We need a healthy workforce to serve our residents. I implore you to find a way to fund these four vital adjustor positions. Thank you.

>> Mayor Reed: David Oke, Shirley Chen, Roz Dean.

>> Good afternoon, mayor and council, I'm David Oke, I'm workers comp supervisor. Ours recommending to outsource the workers compensation program. Several audits have indicated substantial savings could be achieved through efficient and proactive case management with manageable caseloads and resources. Audit findings have also confirmed that our program is significantly understaffed, in two weeks the average caseload for each adjustor will be about 400 compared to a recommended average of 150 for other claims administrators. So other programs have two to three times the amount of resources for the same workload. A proportional comparison would be an average school class size of 80, compared with 30 for all other school districts if you do the math. What type of results can be expected from these scenarios? I can see nothing positive and we're dangerously headed in the wrong direction. Delays in claims management benefit delivery, medical treatment will increase costs, lost time from work, disability leave, litigation, penalties and future liabilities will be well in excess of savings from eliminated positions. Thank you.

>> Mayor Reed: Sherry Chan, Roz Dean, Ben Field.

>> Good afternoon, I am Chari Chan and I'm a workers compensation adjustor and I'm here to appeal to you to thoroughly reconsider some items contained in the operating budget. In particular we are referring to the elimination of the four workers compensation claims adjustors and also the outsourcing of the workers compensation unit to the county of Santa Clara. While we recognize that the city faces a challenging economic year, we strongly feel that eliminating positions in the workers compensation unit is not a viability solution to address the budget deficit that we currently face. It is simply a temporary fix in an attempt to balance the budget. But it does not consider additional expenses that the city will likely incur due increased demands on

adjustors to handle higher caseloads which in some cases can result in delays and costly errors. Please focus on the big picture and do not allow the City's objective to control workers compensation cost get sidelined by a proposal that would temporarily reduce personnel cost but will inevitably result in increased claims cost in the forthcoming years. It is for the above reason that we are appealing to the city council to think and reconsider the proposed elimination of crucial positions in workers compensation unit as well as the proposed outsourcing of the unit. Please don't allow the city to take one step forward and two steps back in this latest cost-cutting measure. Surely under this economy we cannot allow ourselves to forgo any opportunity for potential millions of dollars savings in the future letting of four, two or even one workers compensation adjustor would clearly result at least one by managed claims which would means hundreds of thousands of dollars unnecessary cost by the city. Thank you and I appreciate your time.

>> Mayor Reed: Roz Dean, Ben Field, Judy.

>> I am in Kansen Chu's district 4 area. And first as a member of -- let me just start with, many of you know me as working with the coalition for downtown hospitals. I want to thank all of you who were so very, very supportive in reaching our goals, half of our goals, anyway. We will be seeing a clinic downtown by the end of the year, so I'm very proud of that. But now I'm disappointed for Councilmember Campos and Kalra's memos. I think they are very well placed. Many people have spoken to those and I won't repeat but I do want to focus on one area and that area has to do with banks and blighted property. That issue is already, I don't know if it's a law, but it is required by all citizens in San José. So I don't understand why the banks are being exempted, especially in this time when they're responding to their responsibility, as a citizen in San José, would help us out. So I am urging you amongst all the other recommendations that you focus on the banks. They ripped us off enough. Let them pay for what they're supposed to pay for as a citizen in San José. Thanks.

>> Mayor Reed: Ben Field, followed by Judy and Richard McCoy.

>> Mr. Mayor, members of the city council, my name is Ben Field, I work for the South Bay labor council. Cities make bad choices just like people do and recently the City of San José has made some choices that jeopardize

its capacity to deliver essential neighborhood services. Although you cannot reverse all of those bad choices today, you can start making incremental changes that put the city on a better path. To start, don't cannibalize essential services when you have alternative sources of funding such as money that the RDA owes to the city and deeper cuts to the nonpersonnel part of the City's budget. Don't send a message of panic like a declaration of a public safety state of emergency when you're cutting police. Instead do whatever you can to restore police services, without cutting other essential city services. Don't turn San José into a city without a high-quality careerist workforce. If San José becomes a city that loses its best employees after just a few years it will also lose its capacity to deliver essential city services, and it will defy the national trend of decreasing crime. You still have choices. Please choose alternatives that preserve essential city services and the excellent city employees that provide them. Thank you. [applause]

>> Mayor Reed: Judy followed by Richard McCoy and Melvine Augustine.

>> Good morning or good afternoon. You know with all the back and forth going on regarding the budget it is a shame that everyone has forgotten who we voted for. And why we voted you into office. It's about doing what's best for the people of San José. And cutting vital services is not doing the right thing. When you are sitting in budget meetings and throwing numbers around and you Mr. Mayor dictating what service will be cut, just remember what seniors and disabled and children will be hurting just to say you have a budget. So please think long and hard and do the right thing. One last thing. While everyone is bashing unions, and saying we have to do away with collective bargaining, just remember, unions worked hard, very hard, to get most of you elected so you could do the right thing. Thank you.

>> Mayor Reed: Richard McCoy followed by Mervina Augustine and Scott Knies. And that's the last card I have. Richard, just one second. So we are taking public testimony now on the budget message, the sewer service use charges, municipal water system rates, recycle plus! rates, and the operating capital budgets for the city of San José and schedules of fees and charges with the exception of the parking rate schedule which was deferred until next week. So if you want to testify on any of those, all of these budget items please get your card in.

>> Good afternoon, mayor and city council members. I want to say at this point I do support the mayor's budget message and I seem to recall being in this very same spot about a very short year ago, making the same prediction and will probably be here again next year. I also want to thank the mayor for support of the senior nutrition program. This is a program that actually puts food in the Moustakas of people who really need it and I think this will continue to be successful. I remember the days when we had the money in the council and the city to do all the things we wanted to do. We had full employment, the libraries were open, all of the services were greatly. Those days are not here today and we have to make an adjustment to fit the currently budget. I don't like it. But I know it's something we have to do. We can't write checks for money we don't have. I know from the pastime that it's going to be a very difficult pill to swallow. And that the medicine always goes down. My only concern is I hope the medicine does not kill the patient. And in honor of that and respectfully I'd like to dedicate the rest of my time to a moment of silence for all the programs and people we're going to lose. Thank you for your time.

>> Mayor Reed: Melvina Augustine Scott Knies and Ted scarlett.

>> I'm a little late and I had a lot of things happen. Needless to say I wanted to cover the water, sewer, garbage and those other utilities that have great impact on not only me, being elderly, but others in the community. I thought I might have heard someone say about joining your neighbors in compacting for the -- that big blue bin, the recycling. Because half the time I don't even use it. I live alone so I don't accumulate much garbage but I do recycle what is supposed to be recycled. You speak of just those issues that pertain to city, but recognize also, that being a retiree, somewhat, that we did not get an increase in funds for the last two years. Second, that looking at going up on licensing for cars, one of which I drive, and so cranked in with that the utilities, health insurance, et cetera, it's having a very hard impact on the average citizen. I don't know if you can adjust it so that those on limited incomes pay a little less not that we didn't pay our fair share when we did work full time, and I'd been working since I was 15, and I'm now 74 and I just stopped in the last two and a half years simply because of minor discomforts. So I would just ask that you keep this in mind, and could you possibly tell me, I got a placard, a flier on raises. And I think one of which was Mrs. Herrera and I can't remember the name --

>> Mayor Reed: Sorry your time is up.

>> Thank you.

>> Mayor Reed: Next speaker is Scott Knies Ted scarlet and Brina Schaeffer.

>> Good afternoon, Mayor and members of the city council, Scott Knies, San José downtown association. This certainly is a difficult day for the city. You could say the last six months have been very difficult, we could say the last several years. And after looking at the projections for next year, we can probably predict that next year is going to be difficult as well. It doesn't make it any easier. The numbers are unforgiving. I'm here to remind you not more than you already know, there's aplenty for everybody to dislike. But we have to make a decision as a community and that we're all in it together. We're sharing this burden. It's not just the public sector. As you know the third sector in nonprofits have taken huge cuts. You saw an op ed from some of our members this morning in the paper. Our budget has been cut 62% from the amount that we had in subsidy from the city. It's across the board. You've heard residents talk to you about the fees. We're looking at fee increases, be it parking fees, we'll wait until next week to do that, and other fees that we're all sharing in the burden. Collectively we're all in this together, we're all going to get out of it together. As the expense side is adjusted you're going to see a lot more of an appetite of continuing to to be partly of the solution on the solution side. Thank you.

>> Mayor Reed: Ted Scarlett, Brina Schaeffer, Keily Cooley.

>> Good afternoon, mayor and city council. I ask you to not raise the sewer and recycled garbage rates. We're here again it just seems like it was yesterday that we were raising the rates and the justification was so that we could get ahead of this and not be here again. Everybody knows the economic times. People's homes, values have been cut in half. People have lost their jobs. On the one hand you're saying that you have to get the budget under control and you want everybody to take pay cuts as part of doing that. And then on the other hand, you want to go to the people of San José, the citizens, the property owners and you want to raise rates. And I'm going to tell you right now where we're going to be a year or two from now, we're going to hear all the horror stories of

all the mismanagement within that department. We went from almost \$2 million going to be spent on art, we've cut it down to \$800,000. That's not good enough. Stop spending the people's money this way. You don't need to raise these rates. We are already the highest in the Bay Area. And you're sending the wrong message. You need to be fiscally responsible. And frankly when it comes to garbage, you're forcing it on people. You're forcing them to do commerce with the city. I'm not sure that it's not unconstitutional to do this. There is no fair market out there. The city, the people in the city are subject to whatever the city council's whim is. That's not a fair market. And that's why these rates are only going to go up. It's time to get this department under control. I understand this department actually is hiring people and giving raises. Enough's enough. For the people of San José please do not raise these rates. Thank you. [applause]

>> Mayor Reed: Brina Schaeffer, followed by Kila coolly, Jonathan Lustig. Whoever's closest to the microphone, come on get ready to go.

>> Hi. I've come here as a young adult representing my fellow family members, friends and community alike on security and safety of our medical marijuana and you guys, I've heard information that where you guys are limiting them down to ten per district and a few that's going to weaken like our personal contact to the people that are coming into the stores and, you know, district. And all that. And when it comes into budget because I'm preparing for college you know people are also on low income for disability. My mother's also has cancer, and my grandfather alike. And so I'm here to represent that to you.

>> Mayor Reed: Okay. Is that it? You got a few seconds left.

>> Um -- I honestly had a short time to prepare this. I would have provided more to you guys.

>> Mayor Reed: Okay, thanks for the testimony.

>> All right, thank you for listening.

>> Mayor Reed: Brina Schaeffer, Jonathan Lustig, Johnny Camas.

>> Good afternoon, Jonathan Lustig, on the board of directors for the Americans for safe access. When will the current crimes against humanity cease, when will the political positions of power support modern day civil rights movements instead of taking advantage of those who have a ethical and moral responsibility to embrace and assist? Decisions that are made today will reflect who we the people are truly represented by. Are we in a admirable situation or are we barbarians? Attempting to balance the budget on the backs of sick and suffering is deplorable. Attempting to utilize the money stolen from these patients to eliminate the vast majority of accessibility to cannabis medication is disgusting. Jesus wouldn't do it. Pluto wouldn't do it. Martin Luther King wouldn't do it, the Dalai lama wouldn't do it. If you can't be Jesuslike, Plutolike, martin Luther King like or Dalai lama like, you should not be leading the City of San José and you should all be ashamed of yourself. God bless you.

>> Mayor Reed: Johnny Camas, Karen Stephenson.

>> Hi, I just wanted to thank all of you. I know that these decisions are tough for all of you to be making and I want to support the mayor and the city council in their decisions, in their budgetary decisions. I know, also wanted to thank the police department for making the sacrifices that they need to to step up to the plate. I want to thank my city council member especially for helping with this decision, and I also would like for us to help plan for the future by taking a look at how we can look at health care expenses and how we can do -- get more efficient in a way. And if I can help in my way I'd be happy to.

>> Mayor Reed: Karen Stephenson.

>> Good afternoon, Mayor Reed and the councilmembers here. I live in San José, district 6. Core neighborhood. And I'm really nervous. I'm way out of my comfort zone here. Bear with me. But I'd like to ask you to please deny the rate hikes for the sewer and the recycle plus!. I remember when recycle plus! started, they made all these -- they asked for a huge rate increase at that time and they made all these promises about street sweeping like twice a month and then after they were awarded the contract they said oh sorry we can't afford to

do that, we're not going to do it anymore. And I don't know how long it's been since I've seen a street sweeper in my neighborhood. And they're asking for a 9% rate increase not only this year but next year and the year after that and the year after that. And our city workers have been asked in a lot of our union workers have been asked to take a 10% pay cut and a lot of other organizations are asking for their workers to take pay cuts and our senior citizens like me are on a fixed income and my cost of living adjustment has completely disappeared. And so as ratepayers, if we're having to deal with you know, payroll deductions or cuts in pay, we're getting clobbered from both sides and we can't withstand that any longer. So I'm just here to please ask you to not allow these rate increases, ask the companies to find a different way, you know, tighten their belts and fund their programs without a rate increase. Thank you so much.

>> Mayor Reed: Thank you, I thank everybody who came out today. That concludes the public testimony on the budget items. We will now start working our way through them starting with 9.1, which is the joint city Redevelopment Agency budget message. And we'll take up the 3.4, sewer service and use charges and storm sewer service charges, item 3.5, municipal water system potable water rate increases, item 3.6 the recycle plus! rates, item 3.7, the operating capital budgets and schedules of fees and charges, except for the parking rate schedule. Which we'll take up next week. Back to the council discussion. Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you, Mayor Reed. Let me just begin by thanking all the speakers who came here last night and today to come here and speak with us. I wanted to thank Mayor Reed for his steadfast leadership and courage to tackle the budget deficit head on. I also wanted to thank councilmembers Herrera, Liccardo and constant for their continued support and creative ideas in helping to preserve hundreds of jobs and essential services for our residents. Likewise I appreciate all my colleagues for their memos with the different amendments trying to resolve the fiscal crisis that we're all encountering at this moment. I recognize that the Mayor's Budget Message is not a perfect document that would address all the fiscal problems or the various needs from the various communities but what it exemplified for me, is a plan that will essentially preserve hundreds of jobs for our employees and deliver ongoing services for our residents. So once this budget message is adopted, yes, we will see reductions in core services such as reduced library hours and possibly less patrol officers on the street. For services that were traditionally performed by city staff, will be outsourced to another

company such as the graffiti abatement. However, the point is that upon adoption of this budget message, services will be provided, jobs will be preserved and things will get done for residents. During the budget study sessions and budget hearings we heard about the potential negative impact to the community if we reduced the number of police officers. We heard from residents who wanted the libraries and community centers to stay open every day. We heard from seniors who pleaded with us that we cannot simply stop providing nutrition meals because that would take away the one and only meal of the day. And the list goes on. Now I don't think I'm too far off base if I say that all of us up here wish we could provide all these things for everyone who asks. But we simply can't. Our current operating budget does not allow us to provide these vital services even if our hearts want to. There are a couple budgetary items that would I like to comment and I wanted to thank Mayor Reed for listening to the community and including them in this budget message. The first is the senior nutrition and wellness programs. I can't emphasize enough how important these programs are for our seniors. I have shared many meals with the seniors living in district 7 and I can wholeheartedly say that these meals and the interactions these seniors experience every day at the Alma community center and other community centers are what keep them alive and well. Keeping branch libraries open four days a week is another vital services that our residents need. Especially the youth who need additional after school hours at the library, to finish their homework or do further academic research. Family time is often spent at local libraries. By keeping the libraries open as much as we can we are also paying a critical role in preserving family solidarity and framing familiar relationships. Public Safety has always been the city's top of priority. I'm glad to see that the mayor is looking at possibly funding additional police patrol officers if the sales tax receipts exceed the projected estimation. With the recent increase in homicides, with the latest one that happened in my district just yesterday, I'm very concerned about the safety of our community. I want to make sure that adequate numbers of police officers are in the streets to protect our residents. And that's why I'm so grateful for the POA's concession. Finally I want to thank all the bargaining units who have selflessly agreed to the 10% reduction in total compensation, without this concessions, the challenge to balance our budget would be greater and honestly I don't think that we would ever get to this point without these concessions. So with that being said I'd like to make a motion to approve the Mayor's Budget Message, including the mayor's supplemental memo dated June 13th, 2011 and the amendments and modifications that he made in his opening remarks.

>> Second.

>> Mayor Reed: We have a motion, and I think Councilmember Liccardo got the second by a millisecond. We could flip for it I suppose but -- Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. First of all, I think there's something in this budget message to make everyone unhappy and very little to make everyone happy. But as Vice Mayor Nguyen said, the main effort here is to protect jobs and services. And unlike the federal government, that can print money to address these problems or the state government that's been in the past able to delay things and run a deficit and issue IOUs we simply can't. So I want to thank the mayor for his leadership and my colleagues for coming together with very creative solutions. I want to thank the bargaining units for coming together and giving 10% because we truly wouldn't be in this position to be able to balance the budget without that. It became a very critical piece of the puzzle so from the bottom of my heart I really thank them for that. This is just addressing how can we get through this process? There is a long road ahead to really try to achieve additional savings so that in future years, like next year, that we're not going to have to be in the same position. We're looking at 100 million next year deficit. So this is just the beginning of trying to come to grips with this and get solutions that are really going to allow us to move forward. Because I think everyone in this room would like to be in the position where we are not having to face groundhog day of this same budget mess. I think we like to get to a day where we can start looking at how can we build, how can we focus on growth, how can we focus on the positive side of this instead of just cutting. So I really look forward to that day, and that's why I've been willing to work very hard to try get a real solution to these problems and not just delay them for another day. It's easy sometimes, I think some folks in government in elected office sometimes find it tough to make those tough decisions and that's what we were elected to do, by everyone. We have to represent everyone. We have to represent the residents, we have to represent employees, bargaining units, businesses, everybody. To make sure that we do the right things, so the city can survive. And that's really what's at stake here is the survival of our city, not just one group or one program. Sometimes in my mind and this may sound a little bit harsh, when people come up and have a program they want to save, what program do they want to cut? Because that's the situation we are in. One side a program they have to save, the other side, a program we have to cut, that's the real situation. This is an imperfect scenario,

I look like this as if we're in a canoe, and you're rowing along and if you go different direction or you start to tip it, you are all going to end up in the water. You are all in this canoe together and we have to paddle in the same direction and I think like we're moving forward. Like I said there's something in this thing to make everybody happy but you know what we're here and we're going to keep fighting to move forward. I see better days ahead, I really do. There's nothing we can't do together. So thank you everyone for your input and thank you for your support. And I look forward to moving past this to better days.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. As everybody's watching both here and on TV you're going to hear a lot, the comment that public safety is number one. But unfortunately, I don't think this budget reflects that. If you look back, we know that this budget deficit has been looming for ten years. We've been struggling with it. We know we have many years in front of us, in fact next year is I think much worse than it's anticipated to be, we'd be lucky if it's only \$100 million deficit. We can look back five years ago when we asked the police department to complete a staffing analysis and look at what the needs of this city would be, and to make a five-year forward looking projection. The staff that worked on it projected that, at this time, at the beginning of fiscal year 2011-2012 our city population would be the just under 1 million people. They did a good job and we just got our census back and we are about 950,000 people in the City of San José. They also projected that we would need 611 more sworn personnel from that point -- I'm sorry, 300-and-something personnel, by that point, today, to have the appropriate staffing for us to handle a city the size that we are. This budget message, when and if approved, will put us 611 police officers below the requirement that we should have to police a city of 950,000 people. As we've watched the ranks of our police department shrink over the last several years. Fortunately by attrition, no layoffs until this year unfortunately, we've seen a department that has been forced to go from a very proactive police department to a reactive police department. And it's not because the police officers don't want to be out there, being proactive. It's that they simply cannot be proactive because they respond from call to call to call. Last night hi the opportunity to sit with a sergeant for about an hour. And watch as the priority calls beeped in on his computer inside his patrol car. We could barely finish a sentence before another beep would come on the machine. Now, we're looking in a couple of weeks of having significantly less police officers. I fear we're going to

go from reactive police department to a police officer that's unable to react. We've heard from our police chief during our budget study sessions about the situation at hand. And where he felt he would and would not be able to provide services given our budget situation. We've all watched as in the first 24 weeks of this year, we have had 27 homicides within the city limits of San José. We have a serious resource issue in our police department. We are faced every day with sending our patrol teams out without even the basic staffing. I'm going to read off some research that I looked up in the last 24 hours as I prepared for this meeting. And the first thing I did is I looked at just six days of incidents that were significant enough to make the police blotter or the watch commander reports. I'm going to read off, just six days. On Alum Rock avenue, armed robbery. East San Carlos street, persons, plural, stabbed. Virginia and palm streets, assault with a deadly weapon, gang related, Norwalk drive home invasion robbery, Almaden avenue gang related robbery. Obert and Poston drives, armed robbery. Senter Road, robbery. Toyon Avenue, assault with a deadly weapon. Bascom and Apricot, assault with a deadly weapon, domestic violence. White and East Hills Drive, assault with a deadly weapon. Canoas gardens, assault with a deadly weapon. Yerdi Avenue, homicide. Alum Rock and Sunset, robbery. Jerome Street, strong arm robbery. Tully Road, robbery. Havana and Midfield, strong arm robbery. Story and McLaughlin, assault with a deadly weapon. Colmar Drive, assault with a firearm. Chopin Avenue, assault with a deadly weapon. Mt. Pleasant and Martin, person shot. Lincoln Avenue, armed robbery. Sarasota and Wayward, car jacking. Ambler Way, armed robbery. Lundy and Sierra, assault with a deadly weapon, gang related. King Road, assault with a deadly weapon. Capitol Avenue, assault with a deadly weapon. Oxton Drive, homicide. That is six days. I have a bunch of other days if anyone would like to read them but you can get them all off the police department Website and read them for yourself. I took the time to review the police staffing. I requested 14 days of watch lists from the midnight shift. I got 13. Actually I got 12 of the last 13 days. We have 84 beats in the City of San José. This is just the midnight shift. 11 of the last 12 days, or of these 12 days, 20% of the police beats in the City of San José were vacant. With nobody patrolling those beats. Four of those 11 days, 25% of the beats were not covered in the City of San José. That means 21 or more beats were not covered in the City of San José. In fact, one particular day, 24 police beats on the midnight shift, while most of us are sleeping thinking we're safe and secure in our bed, 24 of 84 police beats were not covered. Three of the days of the 12 days, half of the sergeants that were supposed to be working in the city were not here in the city. This is all in the last two weeks. This is just one of those two weeks, those statistics that I just read you. Last night, or early this morning, we had four people shot in the City of

San José, in Madison Nguyen's district. One person was killed. So many police officers had to respond, to deal with that shooting, because we had four victims, some at the scene, some at local hospitals, from what I understand from a text message I got from a sergeant who was working at the time, we only had six police units to cover the rest of the city of San José. Because of staffing. Six police officers, 178 square miles, 950,000 people. That's citywide. In my district, which many of you know is the west side of San José, we have two areas that have long been known to have significant gang activity. The area of Cadillac, and the area of Boynton, water bring, bridge port courts. Both of them sit in SNI areas. On the midnight team that patrols district Nora, which is almost all, all but just a couple of square blocks of District 1, there is not even a beat patrol officer sunnied to either beat Nora 4 or Nora 5 which have the highest incidents of gang activity in West San José. In fact we have a team the Nora district team which as I said is responsible for all but just a few square blocks of my district, but they pick up several square blocks of districts 6, that one team protects somewhere around 90,000 people. And at midnight, when we're all sleeping, that means there's four patrol officers to be there to protect a large geographic area that's home to almost 100,000 people. Now, maybe some of my colleagues don't realize that because we have 16 districts, police districts and ten council districts. So that means for the other nine council districts there's 15 police districts or 15 teams of police officers to protect the rest of the city. But I'm sure if you took the outer stretches of District 8 which is the Evergreen district, or district 2 in the Coyote valley, you would see that they have the same few resources to cover large areas. Now, I know you can take the optimistic viewpoint and say District 1 has the lowest crime rate, so maybe you don't need to have as many police officers. But that still doesn't account for the large geographic area you have to cover and how long it takes for a person, a police officer, to respond from wherever they happen to be in the district, to drive the miles it may take to get to another part of the district where a citizen or a fellow police officer is calling for help. We are approaching a staffing level in just two weeks where we will not have the resources to respond. Remember, I said there were six people covering the rest of the city while a vast majority of the department was handling a situation where four people were shot. In two weeks, those six midnight patrol officers won't be there because they will have been laid off. That will leave nobody to police a city of 950,000 people. Critical incidents are nothing new to the City of San José. We have several police officers, I'll probably miss a few, but I see chief Moore, I see Chief Irvin, Chief Hober, Lieutenant Beattie. I think all of us -- oh, I also see our other deputy chief, I'm sorry. So we have what is that two four five officers. I think with perhaps the exception of chief Moore I think everybody that's here was an officer rank 20

years ago, when a few feet from here, two officers were killed. I was a reserve officer at the time. In fact it was about three and a half months before I was hired as a full time officer. But I happened to be working that day. So I had to experience of being here at the crime scene, I had the experience of being outside of San José hospital while one of the officers was being operated on. And I know that we had almost all the resources of the police department dedicated to that one incident in the City of San José. And coincidentally, we had about the same number of officers on that particular day that we'll have after this fiscal year starts. In fact, we may have had just a couple of more officers at that particular time. Our population, I didn't look it up but I know it was a heck of a lot less than 950,000, 20 years ago. I happen to also be on duty the day the Loma Prieta earthquake hit. I had just got to the police department at the end of day shift. I was still in the field training program at that time. I was in the locker room when the earthquake hit. And the assistant chief at that time was in the locker room and a few other officers. And we all knew not to even bother taking off our uniforms, that we had to go back out there and go on patrol. And I remember going down to the briefing room which used to be in the basement of the old building at the police department. And a sergeant looking at me and saying, well you're almost off training, go out there get a car you need to go to work. I hadn't even completed my training and I was sent out there to patrol the City of San José abuse we had such a resource issue at that time. At a time when we had lest population and more officers than we anticipate having in just two short weeks. I remember getting in my patrol car and getting a call of a major injury accident that occurred in the Almaden area of San José and I was told to respond code three with my lights and sirens. It took me over 50, five zero, over 50 minutes to get from the police department, to Almaden and Blossom Hill road with lights and sirens to get to the location because of the chaos at that time. You have to remember how are we going to respond when we have a situation like that, because of the resource constraint we're putting on our police department. I was working just a few short months later, when a young woman was shot on Moorpark and Rebecca way out on the south side of town. I was the only officer to respond and a lieutenant from another part of the city had to respond with me. We arrived on the scene just in time to perform CPR on the woman and sustain her life albeit for only a couple of days. We wouldn't have even been able to give her those couple of days, given the staffing levels that we're approaching in this city. About a year later, I was working when a young man decided to try and end his life at the Alameda and 880 on the overcrossing. I was the first officer on the scene. It took about ten of us to keep that man from jumping and pull him over to safety. I don't think we have those ten officers that will be available in two weeks because we don't -- aren't going to have the

resources to put people out on the street. I can go on and on, with incidents that I just know of personally from my short career at the police department. But I can tell that you I've had to call for help, when people were six and seven minutes away, and that's a long time when you're waiting for someone to come save your behind. And I've had to respond to people both residents and other police officers, calling for help when I was miles away. And had to drive in a way that was quite frankly crazy just to try and get there to be of some assistance. So we can say that public safety is our number one priority. We can say it, the public can demand it. But until we fund it, it's not. A budget, at its basic core, is a statement of our priorities. Our budget says that the public safety of the residents of San José is an afterthought at best. And that really concerns me. I put out several budget documents with ways that we could save police officers from being laid off. 97, to be exact. They didn't make it into the budget message. Even if you exempted the 43 COPS grant officers that we did not apply to, that still would have been 54 people that we could prevent from layoff. I put out a memorandum yesterday that I thought would restore 25 police officers using a variety of funding sources. I was pleasantly surprised when Jennifer Maguire did the math and actually said we could restore 26. A little ray of light. But that budget memorandum says that we need to make some priority calls. We need to look at things that are funded in our budget, and determine what is the priority. We can talk about the importance of prevention. We can talk about those things. But the fact of the matter is, we have to be ready to respond and to react to things that we don't even know could occur, let alone when they will occur. We have the choice to approve my amendment, my budget memo here as an amendment to the budget message that will say, a police officer on the street is a higher priority than someone who is reviewing contracts for compliance of agreements between private businesses and people who are not employees of the City of San José. We can honor the commitment to our libraries by restoring 50% of the time that was planning on being cut in the City Manager's proposed budget and save nine more police officers. Libraries are important, there's no doubt. I'm a father of five, five young kids from the age of 5 to 10, who we love to take to the library. And fortunately for me, they love to read. But what good is an open library, if it's not safe taking your kids there? Nine police officers, we have to make a determination of which is a priority. We can look at our budget allocations for the 11 people that are elected that are sitting here on the dais. And we can look at the fact that in budget year 2006-2007, we had a budget allocation in each of our office of \$242,847. Of course that doesn't include the \$3,899,963 that are in the council general shared fund. Nor does it include the budget for the mayor's office. And we can think about the fact that we've come here year after year and told city employees working in

departments throughout the city that it's important that we achieve these savings and we give target reductions that have ranged anywhere from 1% to 35.3%, saying that every year you must reduce your budgets this amount. And we can look at five years later, our council office budget is \$242,576 for each councilmember. That's .1% reduction. We can look at that council general budget that sits now at \$5,059,162 and we can easily calculate that that is a 29.7% increase during a period that we've asked every other department in the city to take a reduction. The mayor's office quite frankly is the only of all of the bunch that reduced their budget over five years, 5.5%. So we have to ask ourselves, what's more important? Is it more important for me to have somebody to help me in my office and go out to the community, or should I take approximately a 5% reduction from what's allocated in my budget this year, or quite frankly, what is an overall reduction of all the different budgets that are associated with our elected offices, 17.5% and fund 6.5 police officers that can be out there? Remember, it could be those six officers that were there last night to police the entire city of a million people. Which is more important? We can also look at the over \$2 million that has continued to be hoarded in the budgets of our elected officials, 11 people up here. For five years, we have had anywhere from \$1.7 million to \$2.7 million sitting in what essentially is a slush fund for us to spend in whatever manner we see fit in our offices. We could say, and I'm very thankful by the way, that from my call for multiple years to get rid of this slush fund, the budget message does get rid of about 50% of it. But we can take the other 50% of that \$1,351,057, and fund 7.5 more police officers. But we have to make an evaluation of what is a bigger priority. I can tell you it's clear in my mind what the bigger priority is: The last two years I've given up the excess in my office and have said put it in the General Fund and give it priority to Public Safety initiatives. But that's a decision that only we as a council can make. We can look at the money that we provide for arts and cultural development that we provide for the City of San José. I know arts and culture is important. Those of you who know me know that I was a photographer for decades. I made my living for a significant portion of my life through art. But we have to ask, which is a larger priority, given where we are today. In our budget, where we are today with our threat to public safety, where we are today with the increases in crime that we're seeing. We can take just the General Fund support for arts and cultural development, which is a fraction of the money for arts and cultural development and we can say just taking \$180,000 out of that which is about 7% of the overall funding maybe 8% and we can put one more police officer on the streets. All that adds up if you haven't been doing the math to what Jennifer Maguire says is 26 police officers that we could put on the street. But we can only put them on the street if we say and we mean that public safety is the number one priority

in the City of San José. I am very nervous that if we cannot make some systemic changes in the way we approach our budget in the City of San José, that we will be unable and unprepared to respond to the things that we know will occur in this city. We know, because we've been policing this city for decades and we know what can happen and it's very easy to say what will happen. So I talked a long time, there's some other stuff that I really care about, but not as much as this. Because of because I really think that this is important. My final comment is: Something that I've said year after year. And that is, that our budget process stinks. We have a budget that these big old binders that don't talk at all about what we fund. It only talks about what we cut. We need to be able to look at a budget and see exactly what we're spending throughout the organization. So that we can make a line by line examination and set priorities for the residents, businesses, and visitors in the City of San José. We only focus on the cuts. And that's a terrible thing to do. I hope I've made this call multiple times before, just like most of my budget documents have been submitted before. But I'm hoping that maybe, before I leave, in three years, six months and two weeks, we can change this budget process. Because we've got significant hurdles in front of us, in the budgets that we know about and I think we're going to have problems for years to come that go beyond our projections. We have to remember that even once we balance the budget we need to figure out how to rebuild the services in almost every single department that touch almost every single one of our residents in this city. We have to figure out a way to rebuild them. The only way we're going to be able to do that is if we reform our budget process and our budget documents. So with that long winded preamble, I'd like to make a motion to amend the current motion by including my budget document.

>> Mayor Reed: Motion fails for lack of a second.

>> Councilmember Constant: I guess I wasn't the only one hearing those crickets. Thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I just wanted to say, there's no way in the world I wouldn't agree that we need more police officers. But I think we need to go about it in a well thought out way. I'm not about to give away everything in my personal -- not personal, but budget, in order to come through with what I would trust

would be done according to what Councilmember Constant has said. I would need to get farther long than that. And one of the reasons we have them is to make more of an individual impact on the budget itself. I think that your budget, Mr.-- Mayor Reed has listened to the concerns of the community and you are bringing forward a June budget that is thoughtful. And it reflects the priorities of our residents. As Abraham Lincoln has said very profoundly you can please some of the people all of the time, all of the people some of the time but you can't please all the people all the time. That's a perfect definition of our budget. One thing we do need to talk about, and add to next year's agenda, is revenue creation. We have not been good at that. We have at least two to three things in the hopper and I know the economic development department has been working very, very hard to get three things going right now, two of which I have been pushing for the last several years. We have spent ten years moving toward a very substantial concrete wall. Well, actually it's a steel wall. And we're at the point where we are as close to that wall as we need to get. We need to make the best of a horrible situation. There's nothing wonderful about this, absolutely. So with that, I'm -- I am in favor of your budget. There will be amendments as we go. But I think the meat and potatoes are there, mayor, and thank you for all your hard work.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you. I do have -- I don't want to go into every detail of the budget message. I think there were definitely some hard choices to be made. I do have serious concerns about some of the items, even with the constraints, including the dramatic loss in arts funding and the loss of library hours although there is an appreciation that some have been restored from the original City Manager's recommendation. I do have concerns also about the drawing from the HCP for years and literally millions of dollars have been spent without a full discussion and determination of the council whether that's right direction to go. I think we're making a great mistake in the long run but at the very least I think it deserves a forward discussion than just to shelve it at this point. I think the environmental benefits as well as the predictability it offers to the development community is a bonus and a plus in the long run. And I also have concerns about some of the suggestions for outsourcing especially of the workers compensation unit when the audit indicated that our adjustors are actually much more proficient and efficient than private sector adjustors. So I don't know exactly you know when we do these audits even when the audits don't say that it's a wise idea to outsource we still go forward and outsource. I'm curious as

to what the justification is for that. And I do have some comments regarding the rebudgets. But I think I may reserve some of those comments if and when Councilmember Chu puts forward, I saw one of his memos, if and when he puts forward that I think it's more appropriate at that time to talk about that part of the memo. However, I do have a memo I put forward that also highlights the need for us to have more patrol officers and more police officers in our city. And does so in a way that it doesn't alter or adjust funding in a way that certain departments are being funded. Begin we can have further discussion on council budgets when Councilmember Chu gets an opportunity to speak but in terms of the other adjustments the library as well as having some of the other changes suggested in Councilmember Constant's memo, this memo actually doesn't change anything or suggests any changes in the way that certain departments are being funded. I have a grave concern about public safety. I think that what we're seeing now happening in our city, in our lack of ability in being able to respond and be proactive in reducing the crime, is given our current staffing and that includes not just current satisfying in police but some of the crime prevention staffing and other types of staffing including staff on library hours that do have an impact on overall crime. We are going through this dramatic increase in violent crimes before we see cuts in our police department and I'm gravely concerned about that. Given that the memorandum I put forward has two parts to it, part 1 simply states that 25% of any funding deemed available for future deficit reserve funds according to the Mayor's Budget Message at the time of the report be used to restore police officer positions. There is somewhat of an anecdotal example in the memorandum, which might not be completely accurate based upon the fact that some of those funds have now been used by the mayor to support funds for his ongoing fiscal year going forward. However the premise is still there that going forward, that yes, there is a realization of the importance of having our future deficit reserve fund supplemented and built up as much as possible as excess funds come in whether they be sales tax revenue, whether it be the excess from marijuana tax go beyond what the city attorney's funding would be and so on, any excess funding that we don't currently anticipate would go to police officers position, at least a quarter of it. But that's responsible, we're still putting 75% for future deficit but we reserve 25%. It may get us five more positions, ten more positions, we will not know that until we go forward but it could very well get a significant number of positions. Additionally, item 2 has to do with the ballot measure cost. I'm aware that Mayor, you're setting aside \$3.4 million in total for ballot measure cost, and my suggestion is that if costs are lower or if we don't go to the ballot in November which is what that 3.4 million will be required that money should be used to immediately hire patrol officers. The moment that we have that money available for any

use, it should be used for patrol officers. If at some point in the future in the spring or another point in time we go to ballot, we can determine at that time how to fund that but I can't stomach the idea of sitting on over \$3 million knowing that there are people that are in desperate need of our public safety services and knowing that we have young men and women that are going to be laid off July 1st that we may have the opportunity to bring back as soon as possible and we need to bring them back and I think that money can very well be used to bring them back at some point the consensus of the council decides go to ballot, then we'll allot the appropriate funding for that using additional funds going forward. But to sit on that money I think is irresponsible given the need for public safety in our community right at this moment and so I'd like to first ask if the maker of the motion would consider a friendly amendment to -- the friendly amendment with my memorandum. Vice Mayor Nguyen? I first like to ask if Vice Mayor you'd consider a friendly amendment with my memorandum which certainly further prioritizes public safety without in any way diminishing funds for current endeavors if the mayor has put forward in his budget.

>> Councilmember Nguyen: Councilmember Kalra are you referencing your memo dated June 10th, 2011?

>> Councilmember Kalra: Yes.

>> Councilmember Nguyen: Yes, I'm sorry, I -- it's -- I think this is -- I agree with you that we would need to do everything we can to restore police officer positions. But taking 25% out of the future deficit reserve fund is not something that we should be looking at because obviously this fund is reserved for other emergency services and then the savings from the election or the potential savings of \$3.4 million I don't believe that that money has been earmarked in this budget message. If the mayor wants to elaborate on that but it's not in here so I don't think we should be even talking about that. That's something that we will be talking at the June 21st council meeting.

>> Councilmember Kalra: Well, there has -- there is a note that to set aside funds for the potential I think it earmarks an additional 600,000 in excess funds going in from this past fiscal year an extra \$600,000 for anticipated cost of ballot measures which we did not need to use. And then there's an additional \$2.8 million that is being asked to be set aside. Of course, we don't know if we are going to a ballot, but again, my memorandum

states that if costs are less than anticipated or if we don't go to a November ballot that that money be used to save police officer positions.

>> Councilmember Nguyen: Again because the \$3.4 million that you have mentioned is not in this budget message, I would reserve that for us to have a conversation at a later date.

>> Councilmember Kalra: Well I think that given the urgency of being able to put forward policies that show the priority as Councilmember Constant indicated of saving police officers position I'd like to offer a substitute motion which would prioritize any saving cost from ballot measures, any set asides or ballot measures that we currently have or anticipate having based on next week's meeting what have you as well as 25% of the future deficit reserve, which does not go to emergencies but rather is being set aside for a future deficit, that 25% go to police officer positions and my understanding is that money is being set aside for the ballot measure. Ms. Maguire I don't know if you have a comment on that.

>> Jennifer Maguire: Jennifer Maguire budget director. The future deficit reserve fund is not yet been established. The mayor's message if adopted by the city council would establish that, based on the there's any extra funds that would be available after the closeout of the ten-11 fiscal year or from recalculations that will be required based on amendments to the City Manager's proposed budget that we will calculate in the fall. So I don't know what the amount of that is, but it is -- it would be the intent for future deficit reserve would be to help be a down payment towards the 12-13 fiscal year. The election and ballot measure costs are allocated through the June budget message at an additional \$2.8 million in the source and use of funds in the mayor's June budgets message so they are there in that form.

>> Councilmember Kalra: So there is a \$2.8 million amount. In addition I believe there was \$600,000 already reserved there so am I correct in saying \$3.4 million is there as part of the message?

>> Jennifer Maguire: That's correct.

>> Councilmember Kalra: Okay, so there is \$3.4 to save police officer jobs right now. Next week if we make the determination we're not going to a November ballot, or if it's two weeks from now whatever it may be I want it to be very clear that that money be used to immediately restore police officer positions and that 25% of future deficit reserve fund be immediately used upon our realization of them to restore police officer positions so I'd like to offer that as a substitute motion to accept the Mayor's Budget Message with this memorandum.

>> Mayor Reed: We have a motion. I need to treat that as an amendment. So we're going to have a series of proposed amendments and we'll deal with them individually rather than have the substitute motions that are modifying and modifications to that. Just so we'll treat it as amendment so we have a motion on the floor to amend. Let me speak to that. Earlier today we approved a contract with the Police Officers Association for the contract going to the next year. As part of that contract we've agreed to no layoffs, during this fiscal year. Beyond those that we're going to have to do in the next couple of weeks. We also have a no layoff provision essentially in our fire contract because of the SAFR grant. We don't have a reserve for those. And whatever money we have that could possibly be saved out of the ending fund balance which we won't know for a month, ought to at least wait for mid year so we can figure out what if anything we have to work with. And whether or not there is an election in November there may be an election in December or even in March that's going to cost money. So I think we ought to wait and see where we are, and we have just taken action, or proposed in this budget message action to add another 18 officers. And whether or not those are covered by the no layoff guarantee or not I'm not really sure because that's come up after the contract but we are at some risk of being able to meet the terms of our contract and we're going to need some money in order to ensure that we don't have to lay off officers in the middle of the year. Well, we're not going to lay them off because we have a no layoff guarantee but we would have to close something else in order to cover that. So I think that's a better use of what little bit of funds we have in reserve so I'm not going to support the amendment. On just the amendment I know other people want to speak on other items. On the amendment just wave because I'm not sure, I've got a list here, Councilmember Liccardo.

>> Councilmember Liccardo: Yes I'm concerned for the reasons the mayor expressed. We critically do need that cushion if we're making these commitments to our bargaining units at the bargaining table that we are not going to lay off police officers or firefighters during the duration of this contract. We can't go into a fire sale closing every

library in order to keep our officers employed. I think that's an important issue. Second issue is we need to go to the ballot. Whether that means for the revenue measure or pension reform or away I realize hope for is both frankly because the reality is we're going to go through as has been described earlier by my colleague Councilmember Herrera, a groundhog's day series of layoff, probably a revenue measure as well and that means we got to go to the ballot and we got to do it in the next year because we are facing a \$100 million deficit in the coming year, maybe larger, and we better expect we're going to the ballot. If we are going to eliminate that \$3.4 million somebody needs to find that \$3.4 when it is time to go to the ballot. We can't just hope it's there We got to know it's there so we can go when we need to go.

>> Mayor Reed: Anybody else want to speak to the motion, Councilmember Constant.

>> Councilmember Constant: Well I just wanted to be blunt. When we hear that Councilmember Kalra can't stomach sitting on \$3 million in this fund and that sitting on it is irresponsible, when those funds are earmarked for specific purposes, it's kind of hypocrite cam that we can sit on millions of dollars in our council office budgets that aren't even encumbered that have no real commitments to them and have been sitting in our budgets for years. Money that just continues to get rolled forward. That's like talking out of both sides of your mouth. It's either our money that is unencumbered in our offices that the developmentally keeping it is in conflict on the city policy on ending fund balances and that we're the only departments, the only budget in all the departments in the city that can do that, yet sitting on money that's earmarked for specific purposes we can't stomach that and that's irresponsible, I can't even reconcile those two opposing things. So I think voting for this amendment would be irresponsible.

>> Mayor Reed: Anybody else on the amendment? Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. If I can just do a quick response. One, is that you know, this rebudgeting of the city council office that Councilmember Constant says is irresponsible to sit on and refers to it as a slush fund we all know how the process works. In each individual office rolls over whatever they save and incidentally in the last two years no other office has saved more money than mine. Over \$225,000 if we go from

the mayor's suggestion goes from my Office to save city services. Nobody even \$100,000. No, not according to the mayor's -- that's not according to the numbers I have from last year and this year but type. No one saves more than my office. And -- anyway, my point is that Councilmember Constant you may speak high and mighty like you gave up your rebudgets but last year way \$48 thousand, this year \$23,000. Those offices that are draining their office funds and using taxpayer money to drain it, then stand up and say we have to use the slush fund, don't use the money then. That's what my office did, Pierluigi's office did it, Kansen's office did it. You can do the same thing. But you didn't, you used almost all your money. All I'm saying is let's not try to label people as going targeting certain money or calling things slush funds when you know that's not how it operates. Each office pays their staff and already has their salary set and yes its rolls over. Yes I spent last year \$125,000 of my office budget was spent was taken from my budget to save city services and I was happy to do it. I was happy to do it. This year according to the mayor's proposal close to 100,000 which go from my office budget to save city services. I'm happy to do it and it will save city services and that's fine. I'm not sitting here high and mighty about it, I'm just saying don't make the accusation that I'm going over -- going out for some funds that I'm not willing to sacrifice. Because my office sacrificed more than any of my residents, therefore sacrificed more than any other residents of the city. Secondly, as to dedicate funds the reason I mentioned the ballot measure language is because, yes we may have to go to the ballot at some point in the future. What I'm saying if we don't go in November, instead of sitting on \$3.4 million, save officer positions. If we go in the spring or later, we know it's going to be less expensive because it's going to be part of a larger statewide ballot initiative. But we know that the regular elections are going on, it's going to be significantly cheaper, and yes, so we'll identify those funds at that time and I'll be happy to work with any other office to identify where we can find those funds. In the meantime I would like to have those patrol officers on the street now rather than waiting for a year when we have 27 homicides already in the middle of June. And as for the 25% of the future deficit fund again it's only 25%. If our future deficit -- if according to last year, our excess fund balance of \$6.6 million, let's say we have the same this year, and we don't know, it was the lowest we've had in many years, let's say it is. 25% of that would only equate to .1% of the proposed operating budget. It's not a huge amount. I still think we have to be fiscally responsible and set aside 75%. We're just talking about 25% of that. So if we want to be cautious, we can be cautious. But I think real way to be protective of our residents is to use that money right now and use them to save patrol officer positions right now rather than sitting on money that otherwise will be waiting around until next spring to spend.

>> Mayor Reed: Anybody else on the motion to amend? On the motion to amend, all in favor? I count Kalra, Chu, Campos in favor. Pyle, that's four in favor. Motion fails. We're back to the original motion, as put on the floor by Councilmember Nguyen. So I had a lineup of people that wanted to speak on the main motion. I think Councilmember Chu was next.

>> Councilmember Chu: All right, thank you mayor. First of all, I'd like to thank you very much and your staff on coming out with this budget memo. And especially appreciate that you added the youth intervention services and add half a day to the libraries. Also two park rangers. One, I had a budget memo regarding to the crossing guard. And I would still like to ask the City Manager to prepare an analysis of a different delivery model where we give the school district a fixed amount of stipend and pretty much led them to organize and supervise the program. As budget document number 25, our very initial calculation will save the city \$1.15 million a year. And still maintained the same services as we're providing to our citizens today. So of those not included in your budget document I just would like to still, I don't know if this is the forum to do it or we can talk about it later. But to study this and come back to us next year. Do you have any comment mayor?

>> Mayor Reed: Councilmember Chu, we discussed the crossing guards programs on a regular base with the 19 school superintendents at part of the school-city collaborative and we have looked at alternative models for delivery. We have not discussed this specific one but I'm sure that they couldn't -- probably wouldn't be able to manage it for \$1500. At that price tag it would be my guess. It is something we could take up with the city-school collaborative because we're going to have budget problems next year as well and we'll need to look at this.

>> Councilmember Chu: I appreciate that.

>> Mayor Reed: But I am recommending \$75,000 in additional allocation for high priority intersections, and that is obviously a conversation that we need to have with the council offices and the schools in your district.

>> Councilmember Chu: I think that's a good suggestion, we'll take it to the collaborative.

>> Mayor Reed: I'll take that as a referral to the collaborative, and we'll do that.

>> Councilmember Chu: Thank you very much. It is 1500 stipend for each guard, so it is not 1500 for each school. So that will probably give them some incentive to look into it. Thank you mayor. Also back to my memo dated in June 8th regarding to this slush fund, as my councilmember colleague Councilmember Constant put it, I think it's fair for us to reduce our carry-over by the same amount. But the Mayor's Budget Message choose to cap at one quarter of the budget, rebudgeted amount, and I believe that would really penalize the council offices, like Ash's and Pierluigi's and my office and many other offices who were very careful in our spending. And reward the offices who have spent the majority of their budget. I'd be able to save \$149,000 this year, and I believe I have given out another \$70,000 last year, and I've been able to achieve it by not having a chief of staff in my office. So I wanted to take this opportunity to thank my staff. Mainly for the last four years they really did more and for less. And I want to bring that out, is that this is really how we carefully spend the public money. And I don't think it would be fair that we just cut it one quarter of the rebudget amount. So I'll suggest that we reduce \$50,000 for each of the council districts, and I'm really open to adjust that amount to any higher or lower value. So with that, I'd like to put a substitute motion on the floor, if I can get a second. Amendment? Okay, fine. Amendment on the floor.

>> Mayor Reed: We do have a second from Councilmember Campos. So we have another motion to amend on the floor. Speaking to that motion, I'll just work my way, Councilmember Herrera and then --

>> Councilmember Herrera: Thank you, mayor. I'm not going to sit up here and make tonight criticism of how any councilmember runs their office, I'm going to assume that they do the very best they can and utilize their funds to support their constituents. I do want to point out one thing, though. Not all offices start off with the same budget. When you come into office, you receive some budget but you also may or may not be receiving a rollover from the previous councilmember. Some council offices were very fortunate and received a lot of rollover. I know my office received almost none, in fact we had negative in some respects. So that has a lot to do with how much money is left in the end. If you have \$100,000 to start with or better and then you receive your council budget on

top of that you are going to have rollover. Again I'm not going to criticize anybody in here if they have money in the end or they don't, we are not all created equally. This \$50,000 would penalize my district office who did not have a large rollover when they started. So I oppose this motion.

>> Mayor Reed: Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you. Yes, I absolutely agree with Councilmember Herrera. Councilmember Chu, the difference between your recommendations and the Mayor's Budget Message is actually just a little bit \$100,000 as a whole, but I think it would severely impact each council office if we approve the amendment. So again, \$50,000, that could be a potential part time or full time staff, if it's just council assistant position level 1, that will have an impact on the residents because we do need to have staff to provide services and take constituents phone calls. So for me the difference of 100,000 but it would severely impact each council office ask not something that I can support.

>> Mayor Reed:

>> Councilmember Pyle: Thank you, mayor. I just wanted to say I didn't realize until I found the figures for Councilmember Herrera how depleted she was at the beginning. I was in that same position six years ago. So I have some understanding of that. And I donated \$35,000 to the swim program at Almaden last year. I'm also willing to put at least \$20,000 to fund the domestic violence services. So I guess I'm saying that everybody has things that are near and dear to their heart and that's something that should be the prerogative of the individual with the budget. If any of us wanted to put money toward police officers we could do that, too. However, I would like to make another -- just put another idea out there. Last year, or this past month, actually, we turned down a grant for I think it was 53 police officers and we did that because we couldn't predict that we would have the money to take care of our part of the bargain, in I think it was four years. What I'm saying is that we have Tony West back in the justice department, we have some juice back there. We need to use it. And we need to look at any other grant that we can and put with it a revenue stream. I think that would be the way that I would see as a more reliable way to get the officers and we would have them over a longer period of time. We could start that as

quickly as possible. So with that I'm not ready to support this. Sorry, I thought at first it was a fair issue. But looking at it further, I can't quite agree. Thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: I'm glad Rose brought up the starting balance because I came into an office that not only had no money but had a huge significant liability for employees that were carrying vacation balances. But one of the reasons we have this problem is, our budgets, on our floor, are not transparent at all. We have this council general that's crept up from \$3.8 million to over \$5 million that offices can choose to slide expenses into. And some rely heavily on that. Others don't. In fact some office like mine subsidize council general by not using the full allotment from council general. Last year I thought that as part of the budget process and the annual report we were going to see individual line items for each office which is how we have for every other department. My point in bringing this up year after year is not as much a matter of equity as it is a matter of transparency. We tell the public we spend \$242,000 a year on our council office when in reality it's about \$650,000 per council office. Because \$400,000 is buried in council general. And if you look at your budget this is the first year that the budget office pulled out and gave an average expense for each council offers in the budget. And you can see that \$650,000 mark. And if we're going to be leading the city, we led by example in our pay, we're leading by example in looking at the pension system. I don't understand why we can't lead by example and follow the budget policies that the rest of the city follows. If every department in the city had the ability to save up money, and roll it over without being encumbered, we'd have piles of money all over the place. That's the problem with special districts in this state. There's billions of dollars squirreled away in accounts with no reason. There's no funding earmarked for it, there's no project earmarked for it, it's just sitting there. And you know if we had fully transparent budget you'd see that when Councilmember Kalra came into office there was I think over \$170,000, \$180,000 left from the previous councilmember, which is in stark contrast to what Rose Herrera got in her office. The way to be fair is to follow city budgeting processes, have individual line items for each department, have all the money that is spent from the council office show up in their council office budget and if you have shared services like the copy machine then you charge each office a prorated expense much like other departments do. And then it will be fully transparent to the residents. But we don't have that in our

budgets. I've asked for that the last three budget cycles in a row. Let's just be honest on how we're spending our money and make it clear and transparent. So if you decide to copy 3,000 fliers on the copy machine and send them out in small batches using the city postage, that gets charged to council general, that will be in stark contrast to people like me who have them mailed from a mail house and pay for it out of my budget. Those are ways that you can track things, and it's simple budgeting transparency, budget policies that we make the rest of the city abide by. And then we wouldn't be having these arguments every year.

>> Mayor Reed: Let me just speak to the issue of the rebudgets. It's always confusing when we do this because of the way we do it in such a public way with the rebudgets around the council offices, but those of you who have been reading the manager's budget addendums have probably made your way down to budget addendum number 47. Budget addendum number 47, which is incorporated in the budget message as one of the recommendations, rebudgets \$300 million across about 50 different funds. There's \$69 million of that that's in the General Fund. So we do rebudgets but we do it in public and if we don't rebudget those funds they don't get rebudgeted. But well, I don't know, I'm just telling you there's \$300 million. Most of them have -- there's a purpose for it, there's a reason for it. So it's not that the council office don't have purposes or reasons for their funds. But rebudgeting is something we do a great deal with, because we don't finish things from one year to the next, it's just part of the process, although it is confusing I'll grant that. Anyone else want to speak on the motion? Councilmember Chu, do you want the has word or do you want Councilmember Kalra to do that? Councilmember Kalra and then back to Councilmember Liccardo.

>> Councilmember Kalra: Thank you, mayor. First I want to clear up a misunderstanding of what Councilmember Oliverio and I had, I was referring to the past two years, back to the General Fund as the rebudgets have been capped.

>> Mayor Reed: Does that mean Councilmember Oliverio won the bet?

>> Councilmember Kalra: No, he was actually not correct only because there was a misunderstanding.

>> Mayor Reed: Okay. Next time let a third party --

>> Councilmember Oliverio: 180.

>> Councilmember Kalra: Yeah, this year we both have approximately within 400 of each other, \$180,000 in our budget. That means from last year to this year our office have actually used less money than any other office ton 18th floor, regardless of how much we had, no one comes close to the amount we preserve this year and last year I gave back the most of any office. And so Councilmember Chu's is certainly fair and I do want to agree with Councilmember Constant. I think we can certainly stand for more transparency and I absolutely think we should start looking at that going forward, if it's something as mundane as copier use, or staffing or whatever it might be I think it will help us as well as the public understand how we're using our funds. But I do think equity is important as well. Councilmember Chu's memo is ultimately equitable. And just say, 50 is a flat amount every office, every office can budget themselves, the reality is that I was short staffed for most of this past year, I do not pay my staff as much as they deserve, I think we all can agree with that. And because of that I have saved a lot of money in my office. Another choice I made that ultimately affect my ability to serve my residents although I think my office does a tremendous job even when short staffed in serving the residents. So I think that not only is it the fair way to approach it by treating everybody the same, but it brings in almost \$120,000. Now, I can say that's not much but an additional \$120,000 goes a long way to bringing on another patrol officer oreen Councilmember Chu's memo is a fair way to get a little bit more money out of our Office funds without depleting our funds down to zero or depleting our rebudgets to zero, but rather it takes into account those who have been responsible and takes into account those that recognize that we are in a fiscal deficit and we're in a recession, and so don't go spending all your money, but rather -- but still it does take from all of us and evenly across the board.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Yeah, first of all, I'm pretty certain that the residents of the city really don't want to hear us debate this issue endlessly and beat this horse dead. We have a \$900 million General Fund to really talk about, and probably how we're allocating our copying cost is not that interesting to most people in this city when

we're facing the kinds of crisis we are. What I would add is certainly Councilmember Chu's motion is well taken. I understand the intention is certainly a good one. It is difficult to say I think one way is more fair than the other and a lot depends on which seat you're sitting in. It is the case that for some council districts including my own that approach would leave us with zero and the truth of the matter is not all council districts have the same level of activity. And I don't pretend to say that you know we're doing any better work than anybody else but the reality is, in downtown we have got 25 neighborhoods, neighborhood associations, and a very active downtown and arts groups and nonprofit groups and everybody on my staff works nights and weekends, and incredibly hard, and frankly, I don't pay them neither enough. I've got a woman with a degree from Cal Berkeley who speaks fluent Spanish and a guy with a law and either one of them make 65 grand. In any other position in the city, they'd be making far more, given their qualifications and their hard work. So what I'm suggesting is, is that it's not a question of being irresponsible, the fact that we're spending money. The reality is that we have very needy neighborhoods, many of us do, and we're doing everything we can to serve those neighborhoods. I'm very happy to take on Councilmember Constant's suggestion to make this more transparent. I think people will recognize that for the most part we're doing everything we can to spend money serving our neighborhoods. Nobody on our staff to my knowledge is taking trips to Vegas, we'll work hard, and we'll keep working hard. I am not going support the motion. I do feel like it really decapitates those offices that are really using every cent they've got on important services. And I'll be straight with you, I don't spend a dime on kitchen magnets or anything else. Every dime I'm spending money on essentially is going to pay for staff on my team to serve our residents. And that's because we know that we've got real needs. So I very much appreciate the motion, but I won't support it.

>> Mayor Reed: Councilmember Chu, I think you're going to get the last word on it.

>> Councilmember Chu: Thank you mayor. Councilmember Liccardo this is a matter of fairness and also more important this is not an encouraging spending. It was quite easy for me to spend all those left over money. Before the budget comes. But I choose to save it in a rainy day, so I think with a fix amount cut, we are send a message that we're not encouraging the spending. And just for the records District 4 has the most population, district 4 the constituency I'm serving has almost 110,000 people before the redistricting. So it's really matter of fairness. And it's also a message to just -- not just the council office but other city department. I hope that's not all the city

department is operating. When they find out that well, you know, if the supervisor or the budget office is going to take away my leftover fund I better find a way to spend it before they -- Jennifer can come down to take away of their money. So just setting an example to the city department that you know you have to use your money more carefully and if you have leftover, kudos on you, and we -- you can maybe figure out how we can voluntarily take but not force you to give out that amount. So I encourage my colleague to support the motion.

>> Mayor Reed: On the motion to amend made by Councilmember Chu, motion is to amend the Budget Message. All in favor, I count Kalra, Campos and Chu in favor. So that fails, it only got three votes. So back to the main motion discussion which was the motion made by Councilmember Nguyen. Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. Well, this is my first budget process, and as I go through that budget process I'm reminded about the difficult choices we make not just for the employees but for the residents. As I sit here listen to the speakers I'm reminded of the many working class families that are going through, what they're going through on a daily basis which is very similar to what we're doing here but in a very, very small -- a very, very small situation in their own households in which they make priorities on their financial decisions and what they need to spend their home budgets on at their kitchen table and we're doing that here today. So similar to their ability to make the difficult choices, we too need to come together and do that as well. This is why I'd like to make an amendment of a revised version of the budget document that I submitted, budget document 49. Which would have the following outcome. I will -- I will start with expenditures and then list the potential sources. Would like to, one, add an additional half-day of library services, would like to restore an additional ten police officers. Would like to be able to fund the Healthy Neighborhood Venture Fund services out of there for the transition, like to add two more park rangers, and then would also like to increase San José B.E.S.T. I've identified potential sources as being \$2 million from the RDA reserve, \$2.5 million from nonpersonnel line items in the General Fund, and a half million dollars from code enforcement officers the mayor included in his budget message, where we can collect from banks if we're real diligent on making sure that banks are being responsible for the foreclosed properties that they have. In addition to that, you know we've seen a very violent year. And this reminds me of the '80s. I grew up in East San José, and I remember back in the '80s when our annual homicide rates were between 55 and 65 a year. This reminds me of that. And what happens when our city

gets more violent, some of our most valuable resources are the victims. And those are our young people. Our young people need places to go. They need to be able to feel comfortable and feel safe in an environment that will keep them off the streets. And this is why I'm requesting a youth outreach specialist at the Alum Rock youth center to ensure the reuse transition doesn't have any transitional problems. In addition to, it will ensure that alternative activities are being provided for kids, teenagers and the like, to be able to play sports, you know, receive mentoring from an outreach specialist that would be able to continue to instill positives in our youth that are just you know they're looking for someone to give them direction. They're looking for someone to latch onto. And if they don't latch onto somebody positive then they are going to latch onto what's out there in the streets and that's you know gangs and violence that's associated with gang activity. And as we know that has -- that has increased, just in district 5 a few nights ago near mount pleasant three youth were shot. If you think about thank God, they weren't statistics on our fatality count but if you think about that, you know youth are out on the streets because they don't have alternatives. So I want to add that. I did identify a source for this youth outreach specialist in the PRNS department, there was or there is a position that is vacant or soon to be vacant. Senior marketing position that I believe the person is retiring. And I think that that's a source where we could provide that. I think it's a sad state when we have to put a budget figure on whether or not we value our young people that are most vulnerable to violence in our community. In addition to that, I'd also like to talk about the antigraffiti program. And so one of the things that concerns me about outsourcing antigraffiti is, I don't believe that in the long run we're going to get any savings out of it. I know that the budget documents show that we will receive about \$363,000 in savings. But if you look at -- no one foresaw us being at 25 homicides in the City of San José that our police department is -- has responded to, plus the other two that happened at San José State, nobody anticipated 27 homicides within our city limits. No one anticipated that. Just like I don't think we're anticipating that at the trends that we're going, graffiti is going to continue to rise. What we are -- what this contract is showing is that this contractor is being compensated on a 40 cents a square foot subcontract. So what happens when we reach the maximum? I think it's 1.5 million square feet. What happens when we reach that maximum? What happens if it's at the middle of the year or if it's three quarters into the year? What happens then? Do we stop providing graffiti abatement for the remainder of the year? I don't think that would happen. I think we would have to pay the additional amount in a contract. And so it concerns me that having to go from this service delivery model to a service call model is going to either be a net zero, it's going to end up costing us more in the long run. I think

additionally in the staff report, the volunteers that, and this is in the staff report, that we're seeing is, sentencing alternatives. Great program. And it provides an avenue for kids or anyone to provide restitution for whatever crimes they might have committed out in our community. However, that source of volunteers doesn't provide the skill that's needed to do a good job cleaning up and taking down graffiti. It's not just going out with a paintbrush and you know and creating more blight. It's -- the expectation is to do it right. And I have great concern that if that's one of our -- what we're relying on to supplement some of the work that this proposed contractor will be doing, then I think we're going to be disappointed. So with that, I ask my colleagues to support this budget amendment. Thank you. That is a motion.

>> Mayor Reed: That is a motion, we have a second by Councilmember Kalra. Discussion on the motion to amend. I'd like to have the city staff talk about a couple of the items. I'm looking at budget document 49, that Councilmember Campos put out, and first could staff talk about the capacity of getting more money out of the banks? That's come out of the public testimony, the ability of banks to maintain foreclosed housing. Mike Hannon was here earlier, he's here, we have quite a bit of power when it comes to foreclosed properties and I'm curious how much money it's generating or what capacity it has to generate.

>> Mike Hannon: Yes, mayor, Mike Hannon, code enforcement officer for San José. San José continues a no-tolerance approach to banks and lenders. We issue citation without giving them warnings. Since July 1 of this year we have issued almost 290 administrative citations on properties that are vacant and foreclosed, resulting in revenue in about the \$390,000. Not to say that that amount has been collected but that is the amount of the citations that have better than levied. With the additional code enforcement officer that you have proposed in your budget I anticipate that we will be able to reinstate a more proactive effort to address foreclosed properties which we had several years ago. But we are going to be more successful in levying fines and penalties against these banks if we can get our residents to be more proactive in contacting code enforcement when they see a property that is creating blight in their neighborhood.

>> Mayor Reed: Okay and what happens with that money once it's collected?

>> Currently the citation revenue Mr. Mayor goes into the General Fund.

>> Mayor Reed: Jennifer have you already spent all that money?

>> Jennifer Maguire: Yes I have, mayor.

>> Mayor Reed: I was afraid you were going to say that because I've asked you that question quite a few times and you're always there before I get there. Okay, thank you. Any other comments on the motion? Councilmember Kalra.

>> Councilmember Kalra: Yes, thank you, mayor. I will be supporting this motion. For a couple of reasons. One has to do with you know how far are we willing to go in cutting vital services especially in those areas that are most needed. Another reason is I think keeping library hours where they are as we've been told even though I commend the mayor for at least adding the additional day from three days to four days that's definitely an improvement, it still requires half the branch libraries be closed on Saturdays as having the four day plan as opposed to four and a half day. I think libraries and keeping them open especially in neighborhoods in which there is high crime certainly plays a role in the crime rate, in fact it's been proven to be so when you look at community centers and libraries and studies that have been done, that the more you close and the more hours you close, then you do see increasing crime in those neighborhoods where the libraries and access to them are cut off. In addition to the antigraffiti program we have a national model and we have people that come and learn from our antigraffiti team and they have been invaluable certainly in my district where we saw a dramatic increase in graffiti and they put an end to that and they work with the neighborhood groups more closely than almost any city department in terms of capitalizing on the volunteerism from neighborhood groups and how to astack graffiti the moment it comes in their neighborhoods. As far as the technology that's referred to I know we'll be discussing the outsourcing later, in terms of the technology we can bring that technology in house and add further efficiency to our team. So I think -- I don't want to go over every point in what Councilmember Campos is putting forward but I think all in all it provides valuable services that go to neighborhoods and communities that desperately needed. Again I understand we have tough choices to make but I think the way in which he is approaching it is

reasonable and I think it does make short term -- some short term sacrifice in terms of trying to use some of these funds immediately but again the long term cost of not doing so especially in the neighborhoods that Councilmember Campos represents as well as a number of us, the cost will be enormous if we don't -- if we tend to continue to slide back in terms of graffiti abatement, in terms of providing library hours as well as supporting those kids in the neighborhoods that need it the most.

>> Mayor Reed: Thank you, Councilmember Liccardo.

>> Councilmember Liccardo: Just a question for Councilmember Campos. Forgive me because I believe you originally submitted this as a budget document. Several weeks ago, is that right? And I don't have that in front of me. Oh, actually I think this was the more recent one. Could you help me recall, other than the fines that would be levied on banks which I know we've explored already, what other sources of revenue were you relying on to be able to fund those additional services?

>> Councilmember Campos: Thank you, Councilmember Liccardo. So I identified \$2.5 million that we could reduce in the nonpersonnel line items in the General Fund, equipment, supplies, et cetera. The -- well, he talked about the fines and blight. And then reserve from the Redevelopment Agency. Those were the sources.

>> Councilmember Liccardo: Okay, okay.

>> Councilmember Campos: Oh and then additionally as I talked about the outreach specialist at the Alum Rock youth center, there was a vacant position in PRNS, that I believe it watta a marketing, a senior marketing position.

>> Councilmember Liccardo: Thank you. I certainly don't argue with any of the priorities, they're all incredibly important, I think we all agree we're making very painful choices here. The challenge is that we've got to find money to pay for whatever it is we want to reinstate. For instance, going to RDA reserves, we don't have a redevelopment agency now that's producing enough tax increment to pay off its bonds and obligations. And as a

result the General Fund is picking up north of \$20 million just to pay for financing costs on two garages that the RDA has traditionally picked up the tab for. So I know that a lot of speakers have come and got a lot of e-mails from people who are convinced that RDA continues to be the cash cow and sugar daddy for the city that perhaps it once was. It is no longer. Those days are behind us, at least for the next half-decade, and I think we have to resolve that we are going to have to go forward without believing RDA has money to be able to kick in, because it's in very serious financial straits. So I certainly don't disagree there are priorities, but unless we've got a pile of money that we can identify or some other program we're going to cut I can't support it.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Yeah, I just want to say I really appreciate the memo, and I again like Councilmember Liccardo appreciate the priorities. And I too was very concerned, about antigraffiti, and made you know made my feelings known about that. But in meeting with parks and recreation I was also very impressed with the effort they took to maintain the core value out of this program in terms of maintaining the staff person and the process of which they take photos and work with the police department and make sure they can have the ability to prosecute offenders that are caught that are doing this. And so because they have done such a really fantastic job in trying to work with what they have, I decided to support this new program. Ideally I didn't want it to change and I didn't want to see this program diminish in any way, I didn't want to see one employee out of it. But they created a way to move forward and in doing so maintaining a lot of what we need to have here, so I am going to support it. The other thing that I like in the mayor's budget message is the inclusion, and I think councilmember Liccardo had a budget document that helped this happen, to restore funding for the safe schools campus initiative in the middle schools. And I think at least we got some additional funding there but the priorities as far as working with youth and providing services, I absolutely agree with that. I think that you know while we're focused on public safety and wanting to restore police positions I support that too, public safety also involves a lot of these other services, and we can't forget that, and thank you for reminding us, Councilmember Campos.

>> Mayor Reed: I think Jennifer Maguire had a comment.

>> Jennifer Maguire: Just trying to keep track of potential amendments. The graffiti proposal did as the councilmember would say, there was indicated \$363,000 worth of savings but the MBA removed that amount for a total savings of \$613,000 that was allocated in the Mayor's Budget Message. So I did not hear the offset. If that was approved where -- you know where we would fund the replacement of the \$613,000. I'm just trying to keep the budget in balance here.

>> Mayor Reed: I know that's quite a task when it's a moving target. Councilmember Rocha.

>> Councilmember Rocha: Thank you mayor. Could you refresh me where the 250,000 came from?

>> Jennifer Maguire: That \$250,000 came from the final negotiations with the contractor. So we initially estimated \$363,000 of savings, and that's what the City Manager included in the proposed budget, but we put an amendment forward as part of an MBA to recognize another \$250,000 worth of savings, for a total savings of \$613,000 from outsourcing.

>> Councilmember Rocha: So as far as your amendment Councilmember Campos, is it all of them together or have you suggested each one of these individually? Because I really am very supportive of this graffiti abatement program and I concur with a lot of my colleagues and especially the nationally recognized program and then to do away with it. I'm hearing about savings and which I should probably pay a little bit more attention to but that was something that must have slipped through the cracks on my side. So again were these all in one amendment or a separate one?

>> Councilmember Campos: So I could make them separate amendments, as a matter of fact, as I'm listening to debate I would like to make them separate amendments. Given that there are some identified areas where I do believe we can find the resources. On graffiti abatement, they questioned the staff, did we even consider just downsizing the department? And not wasting the talent and the relationships and the resources that we have had in this nationally recognized program? I mean we're basically ready to throw away a nationally recognized program. And we have a lot of nationally recognized programs, just look at the mayor's gang prevention task

force. This is a segment of the task force. Every task force meetings there is updates, there's climate updates and so forth was that even considered?

>> Councilmember Campos, Julie Edmonds Mares, assistant director of Parks, Recreation, and Neighborhood Services. It is actually in the proposed budget that was adopted last year with the late implementation. The graffiti program was already slated to be downsized. It was going down from 21 FTEs down to 17 FTEs, separate and apart from the newest issued budget actions. So we already knew that our staffing was going to be decreased. And then we tried to estimate if we applied another 30% decrease departmental target on top of that what we could deliver the services for. And what we found is that there were vendors in the market such as the one that has applied to our program, graffiti protective services, that specialize in graffiti abatement, and they do a great job of abating graffiti in a proactive way. That's why we chose to go this way because of the fiscal responsibility and ensuring the graffiti abatement is handled.

>> Councilmember Campos: Did you even ask -- did you research the city of Los Angeles and the city of Pico Rivera, why they decided to end their contracts with them, and why this contractor basically has taken them to court to stop that?

>> I'm not familiar with those particular instances although in our RFP process we do ask about legal considerations and we -- and I can -- I believe the procurement department could help with that. I believe there were no incidents that were reported so we were unaware of that. However we did do reference checks for over a dozen different vendors that this particular company is working with. And they have an excellent track record and they actually are able to remove graffiti in a way that beautifies the neighborhood and ultimately after they work through an entire city, they've actually seen graffiti go down because of their different approach and it's more proactive. So the incidents of graffiti have gone down and reduced blight in these cities that they have been working with.

>> Councilmember Campos: If that was the case they would probably still have the Los Angeles and the Pico contract. I'm just concerned because when this first came up one of the comments about what happens if they're

not doing a good job, I asked the question, one of my colleagues said hey they can be gone in 30 days. I don't think that that's the case. You know if you've got a contract that is going to litigate you out to say we shouldn't be - the contract shouldn't be taken away from us.

>> Mayor Reed: We will take up this specific contract and contractor later in the agenda.

>> Councilmember Campos: Okay, okay. So to answer Councilmember Rocha's question, yes I would like to make these separate requests. In particular because I have identify some of the -- some sources that could be used.

>> Mayor Reed: So I'm going to take that as a request to withdraw your motion?

>> Councilmember Campos: Yes.

>> Mayor Reed: The seconder is not in the room so we'll have to wait until the seconder grace to the withdrawal of the motion. If you want to continue your comments while we get everybody back here.

>> Councilmember Campos: Okay, um, let's see.

>> Mayor Reed: Actually, I think Councilmember Rocha had the floor and he asked you a question and it was a very long question.

>> Councilmember Rocha: No actually that was tend of the questions that I had.

>> Mayor Reed: As soon as we get Councilmember Kalra back we'll take up the --

>> Councilmember Campos: I don't have anything additional to add.

>> Mayor Reed: Councilmember Rocha do you have anything else on this notion?

>> Councilmember Rocha: Month.

>> Mayor Reed: Okay. We have a request to withdraw the motion to amend the omnibus motion to amend made by Councilmember Campos. I need to get the okay of the seconder.

>> Councilmember Kalra: Withdraw everything you had Councilmember Campos?

>> Mayor Reed: Yes. You want to submit it individually?

>> Councilmember Kalra: You are the firster, it would be appropriate for the seconder to also agree with that.

>> Councilmember Campos: Okay so then I will make separate requests for anatomies. First one being, to add an additional ten police officers, using \$2 million from RDA reserves. Another would be, using \$2 million from nonpersonnel line items in the General Fund, to add back an additional half-day, in libraries, moving from four to four and a half days. Using an additional \$500,000, also from the nonpersonnel line item in the General Fund, to add back two additional park rangers, and also, well actually, I'd like to use -- let me back up -- use the half million dollars from nonpersonnel line items in the General Fund to restore San José B.E.S.T. or to add back San José B.E.S.T. as stated in my memo. As well as an additional \$500,000 in revenue expected in the next upcoming year to add back HNVF transition, for those groups providing services for Healthy Neighborhood Venture Fund, in addition to two additional park rangers. If you combined those two, it would be \$1 million. In total it is \$5 million and those were the separate motions.

>> Mayor Reed: All right on this motion first I'd like for the staff to be able to take what it means to take \$2 million out of nonpersonal and whether or not there is any money left in nonpersonal if you take out the \$2 million out of nonpersonal what do you use to buy the gasoline or whatever you need to buy.

>> Jennifer Maguire: Jennifer Maguire budget director. It would be the administration's opinion there is not \$2 million left in the nonequipment budget of the General Fund. We have continually reduced those budgets over the last several years. We are currently reducing another \$6 million as part of this budget. We had to add back some cost for the proposed contracts. We are sitting at \$78 million which is about 9% of the General Fund. About a third of that, about \$30 million is for gas, for, you know, for vehicle maintenance, for insurance, for things like that. For electricity and I'm not sure exactly how, what specific departments we would take the \$2 million from because we have expenses like our software licenses in I.T., we have our county crime lab dispendes in the police department. We have all kinds of different -- it's not just supplies and materials. It's all types of nonpersonal equipment and costs, so without understanding exactly which departments this may impact, this really -- something would have to give in order to be able to fund that I'm not sure what the proposal would be, and to what impacts would be acceptable in order to provide that funding.

>> Mayor Reed: And the motion doesn't speak to which department it comes from?

>> Councilmember Campos: No, it was basically doing a percentage. Whatever that is, in those nonpersonnel line items, a percentage from basically everybody shares the pain.

>> Mayor Reed: Another question for the maker of the motion, \$500,000 of future revenues, which future reference did you have in mind?

>> Councilmember Campos: Future revenues in the next fiscal year as we continue to levy fines and being more aggressive in levying fines on banks for not taking care of those foreclosed properties that are being neglected in our neighborhoods.

>> Mayor Reed: And then staff, can you talk about the Redevelopment Agency reserve? Maybe I will. We have some uncertainties in the redevelopment agency budget, not the least of which is how much money we are going to have. And the reason we have that reserve is to be able to account for the fact that the tax assessor might not pass along as much money as we're expecting and then we of course have the great uncertainty of what the state

might do to us and what J.P. Morgan might do as we negotiate the line of credit that gets rolled over in October. That's why those reserves are there. I certainly don't recommend spending that money because they would comment directly out of the General Fund if we have to make that up, if we don't have the money there because agency doesn't have spare money at this point. So I can't support the amendment. It's still pretty vague where the money is going to come from. I haven't seen anything that indicates the staff hasn't scrubbed the budget as much as it can on the nonpersonal, unless there's some specific line items that could be identified where we could actually make a reduction and know what we're doing. I certainly think there's too much uncertainty about that. Future earnings I think we're already sopping up as much money as we possibly can, hearing Mike Hannon's explanation about fining the banks, I know we're pretty aggressive and we have already counted for those funds. That is not new money that's likely to come in. On this particular amendment, this is not everything, this is the -- anybody else want to speak on it? Because we've talked about parts of it anyway. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor Reed. To the reasons you spoke of on the areas where this funding would come from I'm hesitant because there's comments from Jennifer Maguire, budget director saying where is \$2.5 million from nonpersonnel going to come from. And there is a variety of things we spend money on that's highlighted: Gas, electricity, software licensing, numerous things, and I think that would be a very odd or interesting situation for the management of the city to implement that, to decide who is going to suck it up, because it might be something very important to us. I mean we just approved police records, remember that's a nonpersonnel expense. And we spoke about how that might not be affected in this year, but it will be affected in the future, but there will be ramifications to choices made up here, and that might be very well something important at the Department of Transportation, or another department that might be important to the city. On the item of the RDA, I actually sent an e-mail to county assessor Larry Stone's office to ask about case shiller accessing. They told me that it actually tracks as what the county's average has been over time, and that average continues to go down. So to your point, mayor, on property values and assessments, property values can continue to be depreciated. I don't know what's going to be there. At the same time, I might not advocate to spend whatever reserves there, I'm also not advocating spending any RDA money, too, so I just want to be clear, saving it up for anything like that. The other item that comes in these amendments, talks about spending more on HNVF

which is funding to charities/nonprofits which we decided to do, not me, but a prior council decided to do during the dot-com bubble when we had more money than we knew to do with, and we decided to fund things that weren't in the city charter. I take a different viewpoint. I don't view on giving out more money, I view on getting rid of all of it so I can fund core city services. I put forward a budget memo that if I took that money and put it on core personnel, I would say it would save six police officers, two people in the City Attorney's office, two planners focused on economic development to bring revenue, a City Clerk, an auditor, and someone in the information technology department. I think we're always going to look and see things different, and that's how I see it different. And since I know this is the day to tell how much we love the police officers, which you know, I also put forward a budget memo which came from the numbers from the parks department that said if we outsource the balance of parks to private contractors, we would easily save 36 additional police officers' positions. So there is choices we can make, and I fully respect any amendment that's going to be made by any of my council colleagues, but I just don't see eye to eye on those. And I think there's other alternatives that don't have to play on future fine revenue or put us in a precarious position to not afford something that might be important to the organization that was promised in a prior time. So thank you.

>> Mayor Reed: On the motions on the floor, Councilmember Kalra and then I'll come back to Councilmember Campos.

>> Councilmember Kalra: On the RDA \$2 million what is the total amount in the reserve that is the at least slated for reserve, do we have that in front of us?

>> Mayor Reed: Somebody has it in a document somewhere. We got binders, the question is, can anybody find it and I think David Baum is the person that can find it.

>> Councilmember Kalra: It would be easier to ask than to try to look through all of this.

>> David Baum: Councilmember Kalra. David Baum, chief financial officer of the Redevelopment Agency. We are looking at \$30 million as the ending fund balance for the current year and \$6 million as the ending fund

balance for next year, fiscal year 11-12. Because of this economic uncertainty reserve we set up, we set up these budget principles that would provide 3% of our tax increment as an uncertainty reserve. It is not recommended that you take another \$2 million to reduce that given that part of Mayor's Budget Message is to have these budget principles set aside 3% for this uncertainty reserve. Also, we're not looking at fully funding what we owe to the county so one of the Mayor's Budget Message principles is to pay our obligations. And so if we take an extra 2 million away from that reserve, it also has an impact on our ability to pay all of our other obligations. So again, \$30 million out of this year, \$6 million at the end of next year, it would be tough to take it from the uncertainty reserve.

>> Councilmember Kalra: Thank you for explanation. I'm sure everyone is looking at exactly how we're spending all this money from RDA and how cautious we're being but using \$2 million for public safety and for police officers given the situation we're in in our city is much more justifiable than using it as -- particularly since RDA still owes the city money of having some of that money repaid for that specific purpose much more understandable than for other purposes, like whether it be buying up land or whether it be for economic, quote, economic development on any number of arenas so I think that's still as difficult as these choices are getting those police officers on the street still is and should be the highest priority.

>> Mayor Reed: Okay, City Attorney wants to clarify something about how redevelopment funds work.

>> City Attorney Doyle: I just want to remind and I'm assuming this conversation since Councilmember Campos referenced his budget documents I think it was 49, it's money that is owed to the city, and it's being used to pay back because the Redevelopment Agency would be prohibited from directly spending money --

>> Councilmember Kalra: As a second that's how I interpret it.

>> That's correct.

>> Mayor Reed: I have a couple of other people that wanted to speak. Councilmember Liccardo.

>> Councilmember Liccardo: Yes just with regard to the RDA reserve what there is and what there is there isn't. You see also in the budget message the mayor just referenced to CET, which is a critical organization in our city I think we're all familiar with that provides job training to many of our residents who are very deeply challenged by this recession, many of which have been -- many of whom have been unemployed for long periods of time and typically do not have college educations and really rely heavy on CET probation job training. We made a commitment in 2008 that remains out there that we would fund CET in their effort to land a \$3 million federal grant for critical maintenance they need to continue the work that they do. They now have the federal grant and we don't have the money. That's just one example of the many kinds of commitments that RDA has made that it is not fulfilling. So before we go after RDA and try to chase additional commitments from those funds, because we're not fully funding our agreement with the county, we're \$103 million in the hole from the RDA to the city. I think before we say we're going to spend more RDA money I think we ought to be taking a deep step back and looking at what commitments we ought to keep first before we make new ones.

>> Mayor Reed: On the motion. I think I'm going to give Councilmember Campos the last word since it's his motion.

>> Councilmember Campos: I'm not saying to encumber more RDA funds for cops. I'm saying using the funds that the RDA owes the city and using it to this use. And I don't think we can argue we do not need more cops out on the street. That's what I'm saying. I fully support CET always have they do great work, I think we also need to commit and keep our obligation to CET. So I purposely left out the discussion on graffiti abatement because we will be discussing that and maybe that is the appropriate time to talk about that. But I did -- I accidentally left out the youth outreach worker at the Alum Rock youth center and there is an identified area to fund that. So that would also be part of a separate motion.

>> Mayor Reed: Motion on the floor is part of the motions, not all of them. We broke them up. I think we're ready to vote on the motion that's on the floor.

>> Councilmember Liccardo: Mayor, could you identify the motions as we're voting so we're all correct.

>> Mayor Reed: Restate it, take \$2 million from the redevelopment reserve to fund ten police officers paying back the money that the agency owes the city and use that money to fund the police officers. \$2 million out of nonpersonal for a half day of libraries, \$500,000 out of nonpersonal and \$500,000 of future revenues from fines on banks. To fund two park rangers San José B.E.S.T. and Healthy Neighborhood Venture Fund. Those are the items in the motion in front of us.

>> Councilmember Campos: In addition to -- in addition to the youth outreach specialist at the Alum Rock youth center with the identified funding source that I previously mentioned. That's a separate motion.

>> Mayor Reed: Okay. Well is it in this motion or not in this motion?

>> Councilmember Campos: It would be in this motion.

>> Mayor Reed: So it's included in this motion?

>> Councilmember Campos: Yes it is in this motion.

>> Mayor Reed: So that's the other item. On the motion all in favor, I count Kalra, Chu, Campos in favor, three in favor, motion fails on a 3-8 vote. Councilmember Campos you had some other items you wanted to put on by way of amendment.

>> Councilmember Campos: Then if I might indulge the council I would like to throw out another motion, just on the Alum Rock, the youth outreach specialist at Alum Rock. As I mentioned before the need and there is an identified funding source, it is that vacant --

>> Mayor Reed: Excuse me I'm going to have to rule it out of order so that was included in previous motion so we've already voted on that.

>> Councilmember Campos: Okay.

>> Mayor Reed: All right I'm working my way through the councilmembers. I think Councilmember Rocha you wanted to --

>> Councilmember Rocha: Were you going to address the graffiti abatement as a separate motion Councilmember Campos?

>> Councilmember Campos: As we're talking about -- I know we're going to be discussing that separately so I think that would be the appropriate place for that.

>> Councilmember Rocha: As part of the later council action today on the agenda or is it part of the budget?

>> Councilmember Campos: I believe it is part of the budget.

>> Mayor Reed: It is both. There is a budget element then after the budget there's a contract. That's later.

>> Councilmember Rocha: You're going to leave it alone in the budget and going to talk about it in the council agenda. Okay. So is it -- my turn on these items or my turn just in general?

>> Mayor Reed: I think it's your turn in general. We don't have any motions on the floor but you can put them on.

>> Councilmember Rocha: Three hours to wait for my turn. I'm just teasing. The rookie always goes last.

>> Mayor Reed: Don't worry, you're not last.

>> Councilmember Rocha: I'm just teasing. Wishful thinking. Wishful thinking. Well, I'm going to thank also the mayor for his work on this and also staff and I'd also like to thank my staff for their work on this. The folks in my office did a lot of work and being a new council office with new staff we all had a learning curve and they learned a lot and I want to thank Peter Ann Marissa Brady and Diana. Going through this took a lot of time and I hope next time around we're going to be even better prepared. I want to also say the efforts you made in the Mayor's Budget Message were well thought out and you attempted to address some of those issues from the community and your colleagues on the council so I thank you for that. I do have an editorial comment and I'd like to see in the next go round and you may or may not agree, somewhere and I believe Councilmember Pyle speaks to this quite often, focus on revenue increases. And I'm not going to be specific. But there may be something that I'd like to get engaged in but I know being on the Community and Economic Development committee is part of that and I hope at some point that might be something in my future. I do have some specific questions in my budget message and if now is the appropriate time.

>> Mayor Reed: Yes, this is the time.

>> Councilmember Rocha: Actually, let me jump to an item on the recycle plus! program, and I have a question of staff before we get into that, do we still have anyone from --

>> Mayor Reed: Are you talking about the rates?

>> Councilmember Rocha: Yes.

>> Mayor Reed: We're going to come back to that. I'm just taking budget message and then we'll take separate actions on each of the trailer things.

>> Councilmember Rocha: Then on page -- on page 3, of your message, the actually it's going to be page 4, first bullet, contract out additional services. Can I ask for more specificity how we are going to identify those services and I assume it is going to be in the next fiscal year.

>> Mayor Reed: I'm not saying or suggesting that the council give direction, identifying the opportunity as one of the ways, just using sort of what we've seen in the way of contracting out, that we can save somewhere between 30 and 50%, there is an opportunity to save additional by contracting out additional services as an alternative to the other approaches.

>> Councilmember Rocha: So that's a place holder, which will lead me into some further discussion we'll have a little bit later on how we're going about identifying these opportunities for contracting out and the process that we're going through that I have some concerns about. Now span of control reference on page 6 in the second paragraph. As it relates to the police department. I'm curious if you have any intention on expanding that to other departments. I know we used this as the baseline, the basis was I believe an audit, expanding this to other departments and looking at this whether it is fire or other -- not to call on any specific departments, but just curious if we're just going to leave it here.

>> Mayor Reed: No, I don't think we'll just leave it here. It's just easier with the police department, because one, we have an audit, and two, they wear rank. And it is a little easier to understand the span of control. But it is an issue I think we have to look at in other departments as part of efficiencies and reorganizations they're going to be forced on us as we get into the next budget cycle which will soon be upon us. But this isn't the end of it. It's just clearly a place where we need to spend some time and energy. It's not as simple as it may appear. You can't just count up the sergeants and lieutenants we know that but there are opportunities there. So what I'm suggesting is we give the chief and the manager time to work on that and bring us a plan back in time to make decisions for the next fiscal year. Because they are complicated and it affects a lot of parts of the department.

>> Councilmember Rocha: Thank you. Page 15, the section on the Redevelopment Agency and items I believe it is D and E and F, there's references to the City Manager, and I'm curious why no mention of the executive director of the Redevelopment Agency to collaborate on these efforts.

>> Mayor Reed: Well, let's see, D is the Washington area strong neighborhoods improvements, E is Calle Willow business improvements, and F is RDA support funding. These are actions that using funds that have been appropriated by the agency that would be passed over to the city to carry out the projects.

>> Councilmember Rocha: So this assumes the money's already transferred over to the city side.

>> Mayor Reed: Yes.

>> Councilmember Rocha: And they're going to manage it. Thank you. Page 16 item D, the survey. There's no cost amount associated with this. I'm assuming we have some past contract we might be able to use as a reference or a starting point. Can I get a sense of what that was? I'm trying to remember the last time you did this survey.

>> Mayor Reed: We have done quite a few surveys so we have a good idea of the cost. We allocated \$50,000 to cover the amount of the survey, that is somewhat more than we have spent in the past but in round numbers, it is ballpark.

>> Tom Manheim: Tom Manheim, communications director. For the ballot measure survey the cost is closer to 40,000 and we have that actually left over from an appropriation that was made last year for ballot measure surveys. The other surveys are closer to \$50,000 the annual budget prioritization survey.

>> We would just be surveying voters.

>> Councilmember Rocha: And the process for taking input on this, or is this just going to be an effort that is specifically done between the mayor and the manager's office?

>> Tom Manheim: What we generally do is pull together a team of the staff working with the mayor's office on the initial draft, work with the surveyors, and then we provide an opportunity for the council office to provide input into that before it goes out.

>> Councilmember Rocha: Is that a public meeting where we talk about this or is it a referral?

>> Tom Manheim: No we distribute it for review.

>> Councilmember Rocha: Thank you.

>> City Manager Figone: And we'll do an update at next week's council meeting, July 21st on this process.

>> Councilmember Rocha: Thank you. Item F on page 16 and item H and as we look to move to sell these properties, I guess, might I suggest in the future in the next fiscal year, that we might want to attempt to put together a priority setting session where we can discuss the assets or the properties that we have, that we want to consider selling. Doing that within the context of the budget message is fine but I would like to look at all the assets as a whole, and really, look at the ones that I think we might be wanting to look to sell, I guess is probably the best word. But for me to measure the ones we have against the other ones is probably the best context. Because right here if it's just about dollars and cents, it would be hard for me to debate or deny that we do need to do this, but I would like to look at the whole asset portfolio that we have.

>> Mayor Reed: I think that's a good idea. We got to work on the process for next year. My point is we got to start now. If we are going to lag the 2012 \$100 million problem, it takes now, if we decide to sell it, it takes months.

>> Councilmember Rocha: And one of the suggestions I might have is similar to the one I made on the pension reform study session, and maybe an earlier study session on all those assets, and that can maybe lead to some direction you have, and personally I'd rather do it earlier and not in that late stage, but that's just a suggestion,

thank you. Let's see here. Now I'm going to go back to I believe a number of these different items and that goes to the hybrid security system mentioned for the airport. And the police services there, it's going to be the graffiti abatement and the workers compensation. Let me start I guess with the airport and the police services there on page 9. Not knowing what this hybrid security system would look like or be, can you explain to me what the expectation is for staff going forward? Because I feel again like I'm taking action on a process to go forward with something that I don't really know what it's going to look like. You're going to put a lot of time and staff effort into this which is necessary but moving forward, without knowing that I'm going to be faced with a decision of saying either yes or no to that and no is not going to be an alternative at that point.

>> Mayor Reed: I might have to defer to the City Manager who is running the process at the airport but this is one way to look at it of various ways to possibly do it and this is direction to continue looking at it. The council has not made a decision, the manager has not made a decision, the chief hasn't, nobody's made a decision. So there's work that needs to be done but we want to get it back in time and this is a willingness to consider a hybrid as an alternative to completely contracting out to the sheriffs department all those positions.

>> Councilmember Rocha: So I guess the question to process and maybe I've missed this and it happened before I was here or maybe it happened when I was here and then again it slipped through a crack and I wasn't paying attention. But have we had a full council debate specific to that action to give direction to move forward or has it been within other budget items as opposed to a debate just solely on the merits of this action?

>> Mayor Reed: We had separate council action regarding the airport competitive Strep strategic plan with maybe a dozen different elements of that which are in various stages of being implemented or being considered. And so the staff is working through that list, and the contracting out of the services was one of those. Of course it's being done in the context of a budget because that's what's driving it. But we had a separate discussion about the airport and the need to keep the cost under control.

>> City Manager Figone: And it's in the context of keeping the CPE below \$12 I believe Bill so as the mayor indicated there's a whole host of strategies and essentially they all need to be implemented in order to achieve that number.

>> Councilmember Rocha: Then might I encourage you as you go through this process and you look at the hybrid model or you look at the full contract-out or you look at retaining the police officers and reducing the scale of officers onsite, as part of that recommendation we are offered alternatives, not just yes or no, because no as I mentioned is not really going to be an option because I'm going to be faced with being criticized for not recognizing a need to reduce costs. So thank you.

>> Mayor Reed: Well, this hybrid is one of those alternatives that that should be looked at.

>> Councilmember Rocha: Thank you. Let's jump now to page 18 section L and that's I believe graffiti abatement.

>> Yes.

>> Councilmember Rocha: Now looking at the managed competition policy, we had discussed this back in the budget study sessions and I believe the manager had mentioned an info memo was going to be done on this, was that the case or --

>> City Manager Figone: I don't remember an info memo, Ed may be able to help me with this.

>> Ed Shikada: Yes. There actually were a couple of info memos that are relevant here. One back in I believe it was February that we issued that basically kicked off the public process on a variety of services that were being evaluated. Following that in -- is one of the MBAs in late May. There was a subsequent info memo that provided additional detail on the alternative service delivery analysis. So -- and I believe actually between there, there was

also additional distribution of the analysis as it was in progress. So there are a couple of steps along the way including the meet and confer that was done with the affected bargaining units.

>> Councilmember Rocha: Okay, so looking at the managed competition policy and the council policy it looks at step 1 as evaluation of service deliveries, step 2 is the business case analysis, step 3 is the business case analysis reviewed with stakeholders, step 4 is the decision to pursue changes to the existing service delivery model, and I believe there's some council asked and required in that, the administration will present for council approval results of the procurement process. I understand there's an alternative where you skip all that and move forward or in my midst understanding how we're approaching it?

>> Ed Shikada: Councilmember, I think to your point, if -- and I'm sorry, I don't have it directly in front of me right now -- if step 5 were the procurement, the fact that we have in the case of graffiti as well as even last year in the custodial services that was discussed, either preceded the final council decision with that procurement so that the council had more specific options in front of you is you will with graffiti today or in the case last year with custody yam there was an existing contract such that it was not necessary to do a procurement after the council decision, to your point step 5 actually happened in advance of the council's decision to proceed with the contracting-out. So basically once the council made the decision to contract-out, we had the contract ready to go. So that was to your point out of sequence with the steps that were envisioned in the policy.

>> Councilmember Rocha: Thank you. That's exactly kind of where I was leading to in trying to understand how that happened. How did we make a decision to do it in that order or what order?

>> Ed Shikada: Well, in the case of last year's custodial again it was an existing contract that was already in place such that an RFP was not really necessary. With this year's process it was really the time constraints of the budget process, that led staff to recommend that, and basically was described both through the service delivery evaluation, as well as in the proposed budget, that we were proceeding with that so that council could effectively have the information before you, at the time the budget decision is made.

>> Councilmember Rocha: Okay, thank you very much. Very helpful. My uneasiness with this action, and I don't intend to not support the Mayor's Budget Message based upon one specific item in here, but I think I'd feel a lot more comfortable, take it for what you will, mayor, going forward that when we are doing these contracting out of services that I'm able to, throughout the year make a decision prior to it being within budget direction. I understand the necessity for doing it here in order to get the savings so we can spend the dollars on some of the other issues. And I want to thank you for making some of those decisions on things that are important to me such as crossing guards and community center delivery. But if we can, knowing ahead of time and I ask that first question of you that \$20 million going forward for contracting for next year if we can do some of the work early on so I believe the full debate has already happened on the merits of that because making decisions based on a dollar and cents value is -- there's no debate really. We need to save the dollars we don't have the dollars so we'll do that. But I'd like to include some value-base because in my opinion any city employee out here, we can contract out all their services. And if you just go on dollar and cents value I'm going to have a tough time debating anybody's merit whether it is myself or another city employee. So I'd like to make that decision outside the context of the budget meeting and also have the time to look at the issue and weigh it against other decisions for other services. So again it goes back to my point on selling assets and properties. I'd like to look at all the ones we are considering or at least the ones we are going to be making our decisions on so I can make my position based on how we could potentially lose or keep. Again I'll be going back to being forced to make a decision on one item and not supporting that one item but in the context of a great effort on the budget message. Thank you for all your work.

>> Mayor Reed: Thank you. Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I'm hoping that I can get someone to join me. But I just need to talk about three items that I wanted taken out, but I'm willing to put my budget money toward it, so I guess it wouldn't count, would it?

>> Mayor Reed: No, if you want to spend your office budget on those items, that's well within your power as a councilmember.

>> Councilmember Pyle: Okay. I would like to put \$10,000 towards the domestic violence, and I'm waiting for anyone to just think about if you can come up with it later who is so inclined so that we can make more of a dent.

>> Mayor Reed: Okay, Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. I wanted to thank you and your team. I know Armando Gomez and all the folks working with him have spent an enormous amount of time on this and I really appreciate the hard work. As the saying goes, a good compromise makes nobody happy so you have certainly succeeded, so congratulations. Certainly the services that have been saved through the Mayor's Budget Message and this is certainly no disrespect to the City Manager's team because I know they've looked under every single rock for money. But the services that have been saved from the 18 police officers, the senior nutrition and senior wellness programs, the safe campus initiative, the crossing guard, the park rangers code enforcement libraries, those are the services that our neighborhoods commission and I feel like are also critically important for community safety. Certainly the 18 officers are critically important and we all agree with this. The reality is I'm sure many of you I represent a lot of single parent lot of latch key kids and the libraries being open are a critical public safety priority. I think we do need to take a holistic approach here, I think that's what this message does. I did have two just very quick questions sorry for prolonging the pain here now that we're in our fourth hour, but I did have a question about the habitat conservation plan. My understanding is that the budget message ensures that we will have funding through the time in which the EIR will be certified. And I want to get a sense about when that certification is anticipated. Thank you, Laurel.

>> Laurel Prevetti: Thank you, councilmember, Laurel Prevetti, assistant director of Planning, Building, and Code Enforcement. Yes we share your vision of the budget message that we would be continuing our funding of the habitat conservation through the certification of the EIR. In fact there are weekly meetings that Joe himself is participating in. We don't know what the schedule will be. It will either be late fall or early 2012 when the EIR will be certified. It's the implementation piece that still needs a lot more careful thought.

>> Councilmember Liccardo: Okay and I think there seems to be some wide consensus that we do want to have additional dialogue about that plan, and some tweaking or modification before we're all 100% behind it. Although I think most or all of us probably agree with the general objectives of that plan, is that right, Laurel?

>> Laurel Prevetti: That's correct. There are a lot of benefits. We just want to make sure that as a region of Silicon Valley that those benefits and costs are spread equitably so that way San José is not at a competitive disadvantage. So we're continuing our conversations with the chamber, the home builders as well as the environmental community, U.S. fish and wildlife service et cetera.

>> Councilmember Liccardo: Great, thank you Laurel.

>> Laurel Prevetti: You're welcome.

>> Councilmember Liccardo: I had one question for Angel or anybody from PRNS relating to the \$400,000 that's been reinstated with the mayor's budget message. I know there's been a lot of chatter out there among our nonprofit groups exactly how this money will be used for senior wellness. Angel, could you give us some insight?

>> Sure. Angel Rios, deputy director of Parks, Recreation, and Neighborhood Services. One of the things that the senior nutrition task force made it very clear was, there's two key priorities, senior nutrition and senior wellness. What this \$400,000 will do is provide a pot of money for community based organizations to provide senior wellness at any congregate meal site within the City of San José.

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

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. And I just want to pick up on a theme that Councilmember Liccardo mentioned in terms of making -- of having things in the budget that are supported by the

neighborhoods. And actually, the neighborhoods commission. And I did put out a memo today I hope everybody has a copy of it. I want that that be included in the Mayor's Budget Message, it's identified as 3.7 but also applies to 9.1. This doesn't do anything fiscally at all, not asking for any money. Just to include the letter from the neighborhoods commission and spells out their recommendation which includes supporting total compensation structure, examining and modifying employee compensation programs, realigning service delivery, looking at new revenue growth, and early community involvement in the budget outreach. And I just want to say that the neighborhoods commission was very, very helpful I think in making those recommendations and in giving us feedback from the community, and so I think they're recommendations should be included and I had wanted to say one thing on their letter which I think is important too. Public Safety includes more than police and fire services. The city must recognize the essential link between these core community services and public safety. I think that's kind of the message in this budget thou too, it is not enough of anything but it is balanced. It's looking at all the various needs in our community and yes, we need more police officers and it is also true that we can't hire enough police officers to arrest our bay out of the a city that doesn't have enough services to take care of its team. So we've got to make sure we provide all of these services including working with our youth and doing the kinds of things Councilmember Campos talked about as well as getting more police officers on the street. So I would ask the maker of the motion if you would accept my memo and a letter from the commission as part of the motion?

>> Councilmember Nguyen: Thank you, Councilmember Herrera, yes that would be fine with me.

>> Mayor Reed: Okay by the seconder, the motion is amended by friendly amendment. Councilmember Constant.

>> Councilmember Constant: I think that was left over.

>> Mayor Reed: A lot of lights working my way through. Councilmember Kalra I think was a leftover. I think we're about done. I'm going to take the priority of the chair to have the last word on this and I have a chart I want to put up. Because we've talked about a lot of details. We've been down in the weeds. We've been talking about big

things and small things but a lot of details. This is a graph that I used last night as we had the hearings. And this summarizes the months and months and months of work that have gone into this and really our debate. So what happened in our budget? First, revenues are down. The general revenues which are really what most people associate with the General Fund taxes, and other things like that, are down 3%. But the overall source of funds which includes beginning fund balance and transfers and things like that are down 7%. And those are in dollars. That's real dollars. That's on the revenue side. On the budget side, the public safety budgets after the adjustments and the things that are in the -- my budget message, will actually go up a tiny bit. About 1%. The rest of the enterprise, budgets on average, go down by 10%. So to say that public safety isn't our highest priority would be wrong. Because when you look at the budgets, public safety going up, everybody else going down, and then think about how much goes in to funding that public safety budget, and if you go to the summary part of the budget, in order to fund that public safety budget which is about 450-some million dollars, in order to fund that, even at only a 1% increase, you have to spend all of the money we're taking in from property taxes, all the money we're taking in from sales taxes, all the money we're taking in from utility taxes and all the money we're taking in from the telephone taxes to cover our public safety budget. It is by far the largest expenditure in our budget. Because it is our number one priority. And I don't think we have enough police officers, I don't think we have enough firefighters, I've made that really clear. But we have to balance the fact that there are other services that are vital to the people of our city. And I have to say that three years ago, as I was contemplating the budget, I would have bet that we would closing all of the libraries and all of the community centers before we would lay off a police officer or a firefighter. But I've learned through our community based process and talking to thousands of people and listening to my neighborhood association leaders and my community people that other things like libraries and community centers have an important role to play in public safety in our city. And so yes, we are unfortunately having to lay off police officers this year. And yes, we did unfortunately lay off firefighters last year. But we also have four libraries that are brand-new that are going to sit locked up. We have the other libraries are going to operate part time. We have 41 community centers that have gone into the reuse program. And we're cutting back on the hours of operation at the remainders. We are squeezing everybody and everything to close a really difficult gap. Unfortunately this is not the end and we've talked a little bit about what we have to do for next year. But first we have to finish this year and get this done and unlike the state government and federal government we have to do it with real money affecting real people. We're eliminating jobs and the net

of all the things that we've done, the add backs we've been able to do we're still going to eliminate about 500 jobs for our people that are currently working for the City of San José. So it is a sad day in San José, but it is necessary. We have to do this. We have to close this gap. We'll balance our budget and then we'll move on and try to avoid having to do the same thing all over again next year. My council colleagues have many suggestions of what we need to do and we're going to work on all of those in order to be able to do it. But right now we just got to get out of this year and into the next fiscal year. And I thought I was going to have the last word but apparently I'm not. So Councilmember Oliverio.

>> Councilmember Oliverio: Mayor Reed I just wanted to say thank you for the word on the budget. I do want to say that there are a variety of line items that I probably wouldn't agree with and would I vote against on the -- as a single line items but I'm understand being this is a legislative process where you try to bring the entire council together for the benefit of the city so I do want to acknowledge that work but also I will have reservations but I understand, I have to be moderate in what I may want as a single councilmember but thank you for everything you've done. Bye.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: And I apologize, mayor, for stepping out to use the restroom. I appreciate your comments especially towards the end regarding the fact that libraries, community centers and other, other types of resources like that should be considered when we think about Public Safety and the safety of our residents and so I was going to -- I just wanted to make, earlier I made comments on the amendments and I just want to make comments on the budget message and the reason I'm not going to be supporting it and I probably could have anticipated before coming here today how this was going to go down and there's some disappointment in regards to some of the priorities that we're setting forth and I do think that in all there's a lot of good balancing that does happen in the budget message but I'm struggling to determine as Councilmember Constant indicated earlier, even with the slide that was just shown, the Public Safety is our highest priority, how we're still not making choices that can help better bolster our police department. We're in a bad fiscal situation. We all know that. And difficult decisions are being made every day by everyone in our city. And reasonable minds can certainly disagree on how

to best deal with the problem or certain priorities. But we can't disagree that it is our responsibility to keep our citizens safe and fiscal security is part of that. I mean you can't be irresponsible. However the here and now the safety of our residents and businesses has to be paramount. We've seen the crime statistics. We don't need to go over them. Many of us referred to some of them and there could be many reasons why we've seen our crime go up. Getting ready of the Vset unit which was the antigang unit last year was certainly not helpful I'm sure. And I don't know why, I can't specify why our crime rate is going up, but I can tell you it's not going to get any better with the number of officers we are going to lay off, and we all can be certain of that. And none of us know what our city will look like after our budget is implemented. A city of our size how spread out it is if we do lay off more cops. We don't know because we've never seen it before. We are casting votes and crossing our fingers and hoping that things aren't going to get any worse than they already have. There have been proposes put out here which puzzle me as to why we wouldn't put a higher priority into the safety of our residents including sitting on \$3.4 million until the spring when we can use that right now for police officers. \$2 million from RDA yes there are different opinions but it's a policy choice that keep 3% in reserve. We can reduce it to 2% take 2 million and get more patrol officers on the street and on and on an Councilmember Chu had a proposal for that could have gotten enough to fund almost an entire police officer just from our personal sacrifices. But the bottom line is there are choices that are being made here today and they are not in the best interest of the public safety of our residents. Throughout this process we've heard a lot about being open to other ideas. We talked about it with our bargaining units, we talked about residents about giving ideas to us and we've talked balloons each other an I have to today wonder how true that really is because I do believe there have been valid and reasonable ideas presented today with no politics involved or anything other than the concern of our residents in mind. I haven't seen much openness, I you know we can disagree, on a lot of different issues but we can't disagree on the importance of keeping our community safe so how hard are we really trying? And to be clear there is a fiscal situation we need to deal with and I think that we are certainly showing the need to be fiscally responsible. However, over the months we talk about death spirals in our pension system which I using terms like that can be nothing but offensive when we have had 27 deaths in our city and we have to start seeing not just the fiscally responsible part of who we are but the socially responsible part of who we are and that we have to do everything we can to ensure the safety of our residents which includes the consideration of how we keep our libraries open and our crossing guards on the corners and patrol officers on the street. We keep saying that the fiscal situation gives us no other choice. We don't know how

this is going to play out this year or how the city is going to look next year. But I know that if we keep going in the direction we're going, we're going in right now if the crime trends continue we're going to have to absorb for it and I'm just very worried about about it. I know all of us are. And all of us have expressed that. It needs to be clear that there are choices that are being made that are difficult ones but we can find money for more prom officers right now in a variety of different ways, even Councilmember Constant offered some but there are a number of different ways where we could find that extra money knowing that that's not the only solution to our public safety issues but knowing that right now we certainly are having major issues out in the street and frankly they're in neighborhoods that most of us don't live in and the crime rates are increasing in neighborhoods where most of us don't live in but the crime rate is increasing and we are hearing it day in and day out. In the end when we do make the decisions we make, we aren't saying that we are being fiscally responsible and that's going to be the solution to the problem. Saying we're fiscally responsible is not going to cut it when it comes to the crime and certainly the service that we are dramatically cutting in front of our neighborhoods. And so although there are some aspects of the budget message, and I agree that you can't agree with everything, I think that we're doing too much that will fundamentally cut into our public safety for me to support the budget message this year.

>> Mayor Reed: All right. Call the question. On the motion in front of us made many months ago.

>> Councilmember Rocha: Mayor, is there anybody waiting to speak?

>> Mayor Reed: I don't think so. Councilmember Chu still wanted to speak? We got a question to call the question. So the question is do we -- we got a vote on closing off the debate so we need a two-thirds vote, we need eight to close the debate. So all in favor of closing down the debate Opposed, let me count the opposed, one two three opposed that's 8 to 3 so the motion passes on an 8 to 3 vote so I guess Councilmember Kalra got the last word on that so on the motion made by Vice Mayor Nguyen slightly modified by a friendly amendment from Councilmember Herrera many hours ago I think, on that motion, all in favor? Opposed? I see opposed Kalra, Chu, Campos, Constant, so four opposed, seven in favor, the budget passes, the budget message passes on a seven-four vote. Thank you very much for all your hard work, council colleagues, and the many hours, not just today that you've all spent trying to get to there point. Our work is not done. Not even on this agenda let alone for

the next year. But I do appreciate the support of the staff, city staff and my own office staff. We are scheduled to go to a recognition event for boards and committees to start in about two minutes. According to the schedule I have. We are not done with the budget related items. And we have some other items off the agenda.

>> Councilmember Oliverio: Can we come back real quick mayor?

>> Mayor Reed: That was the question. I'm not sure how long this stuff can take, some people have been here since this morning because we had to bump them.

>> Councilmember Liccardo: I'm looking at a couple of people from core, that we continued, I'd feel responsible, because I was the one.

>> Mayor Reed: Maybe they'll not notice we're not there because they're having a good time. We could take up a couple of items that we started this morning in particular we started and didn't get to it all. I think let's think about those and see if we can do them in ten or 15 minutes but I got to go back to my list to see what we have left. We had 4.1 which was the project on San Carlos town homes and then what other items, we had 4.2, the historical landmark nomination of the Curtis House and the historical property contract for the Ashworth-Remillard House, that was 4.3, and then we had 8.1 which was the Santa Clara County emergency medical services, provider discussion which I think will take more than ten minutes. So we might have to push that one to the evening along with the rest of the budget matters and the evening agenda. So why don't we do that, let's take up that item 4.1 again. Which I think had a motion on the floor. Did we table it I believe? So we tabled it in order to get an answer to some questions. So let's pull that up and I forget what the question was but maybe Leslye Corsiglia knows what it was.

>> Councilmember Liccardo: Thank you mayor. Perhaps I could reiterate. Leslye thank you for responding. My concern was, I know you've got a long line of developments wait being for money. And I recognize that we will be able to pull back money at the 9% credits are allocated from the TCAC. My question was, is there anybody who loses in that line if in fact they don't get the 9% credit?

>> Leslye Corsiglia: At this point, councilmember, Leslye Corsiglia director of housing. At this point, if -- sewage they get the 9% credits we're not putting out any additional moneys. The council already had approved additional money for this project however with the state budget concerns, we're -- we're uncertain how much money we would have if they needed more money. It does not impact other projects because they're just waiting in line at this point for funds as well.

>> Councilmember Liccardo: Great, thank you. I'm happy to support the project.

>> Leslye Corsiglia: And mayor if I could I'm sorry that I wasn't here earlier. I need to read something into the record unless it already was.

>> Mayor Reed: The City Attorney is watching your back.

>> City Attorney Doyle: And it's part of the motion.

>> Leslye Corsiglia: Perfect, okay.

>> Mayor Reed: Anything else, okay, we have a motion to approve. We didn't have any public comment this morning. Are there people who want to speak? Now would be the time. Come on down.

>> Mary Bellandra, co-chair of the fiesta lanes action group. Thank you, for answering all of my questions but there's a disturbing lack of clarity and opportunity for serious future negative consequences. I fear that council approval of today's open ended resolution will only increase the risk of ongoing problems with further cost to the taxpayers. This can only be avoided if the council reserves oto itself the responsibility for making key decisions and if the council meld begins to exercise ongoing oversight over this project and continues on throughout its life, why wasn't the relocation and displaced tenant portion of both the 2002 predevelopment and grants contract and the 2007 construction loan contract enforced? It reads developer must have provided relocation benefits under

this government code or entered into a waiver or settlement agreement with any tenants on the property, and they must be terminated within six months of the recordation of the deed of trust. I also have a letter here from Rick Doyle dated July 13th, 2009 when I asked for public records. That states despite numerous efforts to obtain data from Meineke muffler that is critical to preparing relocation plans, such efforts have been unsuccessful. The city council was apprised of this on March 20th of 2007. Why did it take five years for a default of the contractor and a lack of city enforcement and why did it take five years to come to council's attention? 54.2 million is being spent on these two projects which is only 126 units. What is the wisdom of spending approximately \$450,000 each to build 126 units when our city can't afford pensions and basic city services? These are real taxpayer dollars, not monopoly money regardless of which federal state city or county fund it comes from. Have all other options been fully evaluated --

>> Mayor Reed: Sorry your time is up. That was the only card I believe on that item. All right we have a motion to approve. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. As anyone who has taken the time from these memos, this one's probably particularly challenging to understand. I think that's fair. I mean affordable housing in itself is a complicated finance structure and this one is definitely a complicated one. And you know this dates back to 2001-2002 which was a conversion of commercial land to housing. But I think that the main thing that comes from me is that the current property owner of the land is the developer and it has gone through a planned development so the land is entitled. And so they have every right to actually sell it if they're not doing well financially. So I think that's something to throw out there, that it doesn't necessarily have to rely on money from the city, that it could just be something that they sell their entitlement to someone else who wants to build. So for me I don't see -- I can't really support this one. I know there's a motion on the floor but just want to throw that out there.

>> Leslye Corsiglia: If I could respond. I would like to make certain that everyone knows that this project does have affordable restrictions, so it must be built for affordable housing.

>> Councilmember Oliverio: And a private party could choose to build it for affordable housing.

>> Leslye Corsiglia: That's accurately.

>> Councilmember Oliverio: Thank you.

>> Mayor Reed: On the motion all in favor, opposed, one opposed, Oliverio. So that motion carries. Let me just see if there's anybody who is here to speak on item 4.2 or 4.3, historic matters or item 8.1, the county emergency medical services. I think we can get all three of those done before we break for the reception for the commissioner. 4.2, the historical nomination of the Curtis house. I have a motion to approve. Nobody wants to speak on that, right? Okay, got no cards. All in favor? Opposed? None. None opposed that's approved. Item 4.3, historical property contract for the ashworth Renward house. We have a motion to approve. Again no one wishes to speak. All in favor, opposed, none opposed, that's approved. The item 8.1, agreement with the county of Santa Clara, emergency medical services agency 911 emergency medical services provider.

>> City Manager Figone: Staff is here just to answer questions mayor given the hour.

>> Mayor Reed: Okay, all I just say is that chief's done a great job negotiating on our behalf to get into a position where we could agree to sign something with the county. I want to thank the staff for really a year's worth of work on this. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. I notice in the contract, there is an opener to discuss calling on the jail. My curiosity is why just where did we hit loggerheads there? I don't understand why the San José fire department must respond to medical responses at the jail when they actually have their own medical personnel there and certainly the am balance could take the person if need be to the EMC.

>> Mayor, members of council, Willie McDonald. The reopener is not only for that, it's for anything that we hadn't thought of, given the compressed timeline that we had to come to agreement on the entire agreement. So instead of an interim agreement the option that they offered to us was a 90 day opener. We dealt with most of the issues,

not all of the issues that we felt we needed to, to bring it forward to you but in the event that there were a few items like the jail that we wanted to find an alternative to and we actually have that one I think pretty much worked out in terms of our responds to it for alphas and bravos probably won't be responding to those, for the higher criticality of calls, we probably will continue. But that's just something that we'll be able to work out in the next 90 days.

>> Councilmember Oliverio: Okay, well, my hope is that our fire department would not have to call on the jail at all, because again, they have medical personnel and an ambulance could pick up someone and they are available to manage the other items of our city which is our neighborhoods and residents that have medical issues et cetera. The other question I have is what is the chance of eliminating the alpha and bravo calls for our San José fire department?

>> At this point --

>> Councilmember Oliverio: Or if I can just interpret it a different way, the sprained ankle nonlife threatening emergencies?

>> At this point what we'll be proposing and actually already authorized to do by the agreement in this contract is to reduce the response in those cases significantly down to as few as two people and in many case it could be a BLS response in those cases for alpha calls, relaxed response time 12 minutes 59 seconds. In the case of bravos two person responses, one paramedic and 7:59 response time. In those cases we think we can agree to that in fact we support that until such time as we develop a more integrated relationship with the ambulance provider and that we come to a high degree of comfort that the right resources are responding whether it's ours or theirs but probably not both.

>> Councilmember Oliverio: And when you say two people responding are you referencing that we will have a star car with two people on it or --

>> We have a variety of options that would allow us to respond fewer than four persons to many of these calls so we're working through those now. We think we need to do that for multitude of reasons not the better reason of which is better utilization of our resources, so yes we would be responding with two person companies in those cases.

>> Councilmember Oliverio: I'm glad to hear that, and as I think the council knows, there's a civil grand jury report coming out tomorrow about the delivery of fire services. So I think that those are the questions. Thank you chief McDonald and Deanna Santana for working on it as well.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you mayor. Can you speak to some of the penalties we had initially in this agreement and those have been I'm assuming I guess reduced to a level you're comfortable with?

>> Yes, the penalty structure started off much higher than it is current, was ten times what our current experience is, was dropped to five at the opposition of almost all of the county fire agencies. At the final hour the county came in and reduced the penalties back to essentially very similar to what they are today.

>> Councilmember Rocha: Okay and it's consistent with all the agencies so they are all on the same level?

>> Yes.

>> Councilmember Rocha: Okay thank you.

>> Mayor Reed: One last thing to point out that if we continue on the path we're on in cutting services every year and reducing services in order to cover our budget gap in four or five years we won't be able to meet the requirements of this contract. Obviously we can't let that happen. But we do have an opportunity to opt out on appropriate notice to the county so if circumstances change we can do something different.

>> Yes.

>> Mayor Reed: Okay, I think that's the discussion. There's again I see no cards from the public on this. On a motion -- motion is to approve. All in favor? Opposed? None opposed, that's approved.

>> Thank you.

>> Mayor Reed: We're going to take the open forum for the afternoon and then we'll adjourn for the reception so Mark Trout.

>> I very patiently waited for over four hours to talk to you about the number one order of business, in the City of San José, an issue that I brought up at both debates that I was in the running for District 9 with Councilmember Rocha, that was not -- nobody there said that it did not pertain to the City of San José. And that issue is regards to the fact that a police officer from the City of San José is always attendant with a CPS worker, a child protective services worker. There is overwhelming evidence that the CPS is a very, very very corrupt organization. So let's not say that this doesn't pertain to the City of San José. There is no way that a CPS worker can take a child out of a home without a cop being there to, shall I use the word kidnap the child. I don't know if I should use that word because I don't know every CPS worker. But in a speech I gave a few weeks -- months ago rather you interrupted me and said that the assassination of senator Nancy Schaeffer in Georgia had nothing to do with the City of San José. I disagree with that because of what I just said. We have to look into this very, very important -- corrupt organization, that alleges to protect children that really undermines the fundamental power that God has given to the parents when he said honor thy father and thy mother, that's what God said. Every one of you hold the place of God as a city council member, you really do, you hold the place of God and God's going to hold you accountable. How much time do I have? I should have put it on my cell phone.

>> Mayor Reed: 16 seconds.

>> 16 seconds. Google Nancy Schaeffer, exposes the evil CPS, google that, Nancy Schaeffer. I've been telling folks, the master, the lord Jesus Christ, uses the method of gospel to tell everybody, and there are many Christians. I tell a lot of people to tell a lot of people, that's one thing you can do.

>> Mayor Reed: Time is up, sorry. That concludes the open forum for the afternoon. We're going to recess for the reception with commissioners. We'll be back in here at 7:00 p.m. to finish the budget items and then take up the evening agenda. [Recess]

[--AUDIO DIFFICULTIES--]

...Who recently got accepted to the university of Oregon to pursue a master's degree in education. Jeanette Ramos who will be attending San José State university next fall to attain a bachelor's degree in global studies with a minor in Spanish, and lastly, Julian Perez for his acceptance to San José State University and will be pursuing a degree in kinesiology. If I could have the commendation. So let's see, this one Julian. Congratulations. And this one is for Jeanette. Congratulations. And this one is for Athena. Thank you. And these three students have contributed to their hispanic culture, through admiral leadership qualities and as advocates for educational and professional achievement. Congratulations to you, best of luck in the future and I'd like to bring Teresa Ramos to the podium to say a few words, as well.

>> Thank you, Councilmember Campos, honorable mayor city council and public. The scholarship program is sustained through the fundraising and membership contributions of city employees in San José. So tonight's recipients have demonstrated HACE's mission a commission to education, leadership, community service, culture and heritage, and each will receive \$1,000 for school education. I also want to give special recognition to Councilmember Xavier Campos for joining and becoming an honorable member this year. Thank you very much. [applause]

>> Mayor Reed: I'd like to invite Councilmember Chu and the jade ribbon youth council to join me add the podium. Today we're recognizing commending the jade ribbon council for their hard work to mobilize and educate our community to become active leaders in the prevention and eradication of hepatitis B and liver cancer.

>> Councilmember Chu: Thank you, mayor. I'd like to thank the mayor and my colleague in joining me to commend the jade ribbon youth council for their hard work, to mobilize and educate our community, in the prevention and eradication of hepatitis B and liver cancer. Liver cancer ranks number 1 as the leading cause of death in Asian Americans community. There is an estimate at about 1.25 million Americans who are chronically infected with over half of them are Asian Americans. That is one out of ten Asian Americans. The hepatitis B by vaccination is the first vaccine and effective method that prevent cancer caused by hepatitis B. Universal hepatitis

B vaccination will hopefully one day eradicate this devastating infection. Funded in 2003, the Jade Ribbon Youth Council is a national network that shapes youth to become active leaders to successfully spread awareness about the best protection, the hepatitis B and the dangers of hepatitis B and liver cancer within the Asian community. The Jade Ribbon Youth Council is comprised of 21 highly motivated high school students from around the Bay Area. Who organize outreach events and activities throughout the school years to inform their friends, family members, and local communities. For the past eight years, the Jade Ribbon Youth Council has been working with the Asian Liver Cancer -- Asian Liver Center at Stanford University led by Dr. Zu to serve our community through networking, mentoring over 100 students at the national annual youth leadership conference on Asian and Pacific Islanders Health. I commend the Jade Ribbon Council for fostering and encouraging leadership, as well as equipping its members with resources to fight hepatitis B and liver cancer. And here today, to accept the commendation, on behalf of the Jade Ribbon Youth Council, is Diana Gno. I'd ask the Mayor to present the commendation to the council.

>> Thank, City of San José, Mayor Reed, Councilmember Chu and the remaining councilmembers as well. On behalf of the Jade Ribbon Youth Council and the Asian Liver Center at Stanford University I thank you. I'm inspired that our future cares for our present, our elders who are here as well as the future themselves. So as you heard Councilmember Chu just mention, one in ten Asian and Pacific Islanders is chronically infected with hepatitis B but together with the work of our youth and our partnership, the City of San José clearly understands and recognizes this serious health abnormality, we can eliminate it. Thank you. [applause] Now

>> Mayor Reed: Now I'd like to invite Councilmember Herrera, Jeff Ruster and Jorge Zavala to join me at the podium. Today we are commending Jorge Zavala for his leadership as director of TechBA, a Mexican Silicon Valley technology business accelerator located in San José that has supported hundreds of entrepreneurs and small businesses through its extensive services and involvement as a board member of Work2Future.

Councilmember Herrera has some details.

>> Councilmember Herrera: Thank you, Mayor. This evening I'm very proud to recognize and commend Jorge Zavala, CEO of TechBA Silicon Valley. TechBA Silicon Valley is a Mexican Silicon Valley technology business

accelerator based in San José. TechBA helps Mexican entrepreneurs establish businesses, discover new opportunities for business in our city, but more than that, it provides a two-way opportunity to create jobs, both here in San José as well as in Mexico. They also help companies get off the ground for success as expand in the U.S. market and they work to expand market opportunities for U.S. companies in Latin America. Acting as both a partner and a catalyst in developing our city's economic vitality. Jorge joined the TechBA team as CEO in 2004 and has contributed to techba's mission to support every aspect of business for the hundreds of entrepreneurs and businesses by assisting in their business strategy, helping build the right team for them and executing an effective marketing and sales plan to help their business grow in Silicon Valley. He also participates as a current board member of Work2Future and is an active and founding member of businessownerspace.com, the Silicon Valley's most useful and successful one stop resource for launching and growing a successful best in our city. Jorge also played a key role in organizing the successful international summit of entrepreneurship, held in April here, and as a result of that has been instrumental in forming an international association of incubators. This international association of incubators is going to help attract new high growth business to San José. He's already got 25 international companies incubators and accelerators part of this and he's out recruiting more. So as chair of economic development I'm proud to recognize Jorge Zavala for his commitment as a business leader and mentor at techba Silicon Valley and I would ask Mayor Reed to present the commendation and Jorge Zavala will come say a few words if you would.

>> Okay well thank you very much, Mayor Reed, all the members of the council. Jeff ruster for the big opportunity being here in Silicon Valley is something amazing for everybody, and we can grow and really create this bridge that is a win win relation, how we build opportunities here in the Silicon Valley as well as how we build opportunities in our country. That has been the best experience I have been leaving and thank you very much for all the support and all the help and I hope that this is a beginning of a lot of more things coming on. Thank you. [applause]

>> Mayor Reed: We will now take up 3.4, the sewer service and use charges and storm sewer service charges for 2011-2012, we already took testimony on this this morning, but it is now before the council. Staff is here for

questions if you have any but we're not planning a presentation. Motion is to approve. City Clerk needs to report whether or not we've had protests and how many protests and something like that.

>> Dennis Hawkins: Yes.

>> Mayor Reed: Okay.

>> Dennis Hawkins: Mr. Mayor members of council subsequent to the supplemental memorandum from the environmental service department dated June 8th, 2011 the City Clerk's office has received 46 valid ballots representing 46 parcels, the total number of valid written protests is 273 for the proposed sewer service and use and storm sewer service rate increases. The total protests during the protest period together with the six speakers protesting the rate changes today represents approximately 1/10 of 1% of all property owners impacted by the change in sewer service and use and storm sewer service rate increases. Therefore the council may consider staff's recommendation for consideration of sewer service and use, and storm sewer service rate increases for fiscal year 2011-12.

>> Mayor Reed: All right. So we've met all of the noticing and other requirements of prop 218, I think what that was all about, noticing and balloting and things like that so we are now free to consider the motion to approve which is on the floor. Any discussion on that? On the motion, all in favor, opposed, none opposed, those are approved. Next item is 3.5. Municipal water system potable water rate increase for 2011-12. City Clerk do you have a report on that?

>> Yes, Mr. Mayor, the City Clerk's office has received 62 valid ballots representing 62 parcels. The total number of valid written protests is 62, for the proposed municipal water system potable water rate increases. The total of all written protests received during the public protest period represents approximately 1/10 of 1% of all property owners impacted by the change in municipal water system potable water rate increases. Therefore the council may consider staff's recommendation for consideration of municipal water system potable water rate increases for fiscal year 2011-12.

>> Mayor Reed: All right. We have a motion to approve. All in favor? Opposed, none opposed, that's approved. Item 3.6 are the recycle plus! rates. Report from the clerk on that one.

>> Dennis Hawkins: Yes, Mr. Mayor. Subsequent to the supplemental memorandum from the environmental services department dated June 8th, 2011, the City Clerk's office has received 84 valid ballots representing 84 parcels. The total number of valid written protests is 481 for the proposed recycle plus! rate increases. The total of all written protests during the public protest period together with the two speakers protesting the rate changes today represents less than 2/10 of 1% of all property owners impacted by the change in recycle plus! rate increases therefore the council may consider staff's recommendation for consideration of recycle plus! rate increases for fiscal year 2011-12.

>> Mayor Reed: Motion is to approve. All in favor? Opposed, one opposed, Councilmember Oliverio, that motion passes. Item 3.7. The 2011-12 operating capital budgets for the City of San José and schedule of fees and charges with the exception of section 3.7C which is the parking rate schedule which we will take up next week. No report on that one. Motion is to approve. All in favor? Opposed? None opposed, that's approved. 3.8. Report on the request for proposals for graffiti abatement services.

>> City Manager Figone: Mr. Mayor, staff has not necessarily a presentation but some comments for the council.

>> Mayor Reed: Okay.

>> Norberto Duenas: Mr. Mayor, members of the city council, Norberto Duenas deputy City Manager and acting director for PRNS. With me at staff's table is Julie Edmonds Mares, our assistant director, Scott Johnson, director of finance, and Mark Giovanetti from also the finance department purchasing. The item that you have before you today, the recommendation to accept the report on the request for proposal or RFP for graffiti abatement services. We are also asking you to adopt a resolution authorizing the director of finance, subject to the

appropriation of funds, to negotiate and execute an agreement with graffiti protective coatings and also to execute a two-year option to renew the agreement. I do want to highlight on the outcome section of the memo, it is to reduce cost for graffiti removal by contracting with a private service provider and continue to meet the graffiti removal needs of the community. If approved, the service will include removal of graffiti within 24 hours of assignment and implementation of a one-based work order management system for logging and tracking and documenting all graffiti abatement activity. I'm going to ask Julie to walk you through the details of the department being able, through this service provider, to reach the service level that we'd like to have for this particular item.

>> Thank you, Norberto. Graffiti protective coating is a nationally recognized program of abating graffiti for public and private entities. They're a service provider that have a different philosophy about the abatement of graffiti and that is they take a beautification approach wherein they strip down all previous graffiti for instance on a block wall and then completely go through and paint match that wall so it looks like no graffiti has ever occurred. This is a different approach from what we use in our four basic colors now. So as we partner with this particular organization we are going to need to take a two pronged approach. One prong will be maintaining current service levels as the city current utilizes through our hot line to react to calls and ensure we abate within a timely fashion. And the second approach is this beautification wherein we'll be going through and removing all previous graffiti, paint-matching, and from there forward in each of those areas as we work through the entire city, ensuring that there is 24 hour response time, so it's removed in a timely manner, and paint matching occurs in each and every one of those sites. Really, enhancing the city neighborhood by neighborhood. This of course will take some time but the service levels described in the outcome section of the memorandum are the goals and objectives for the program. So we're excited about the fact that we get to work together with a company with a high quality that's focused on removing blight throughout the city and there was an earlier question about prior litigation and I'm going to turn it over to my finance Mark Giovanetti to talk about that aspect.

>> There was a lawsuit, graffiti protective coatings did sue the city of Pico rivera, and the basis of the lawsuit has to do as far as can I understand with the agency not following its purchasing rules. They were entering the fifth year of a five year agreement the agreement was terminated suddenly and awarded to their competitor without the benefit of competition. So the lawsuit appears to be about the agency not following its competitive

procurement process. Through the RFP process we do ask if they have ever been terminated for failure to perform, had the contract terminated, the answer is no and we don't have any information that would suggest that that's inaccurate.

>> Mayor Reed: Anything else from staff? Okay. We have a motion to approve. We have some questions from councilmembers. Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. Spoke a little bit about this in the earlier action on the budget and I'm not going to be supporting this just to make it clear that I'm not comfortable one with the process that we're getting to to identify the services that we are going to contract out. It's not about this specific one. It's about being able to look at all of them make again I'm going to say a value based judgment. I think we can find somebody to do any of our jobs for half the price but I'm not going to make that decision unless I know I'm making it in the context of the bigger picture of what we are eventually going to be looking forward. It is part of a bigger plan in my mind but just picking off certain services and say we can save money, we can do that with your job my job anybody's jobs so I'm not comfortable with this. Thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you mayor. I just wanted to know if the group contracts with other entities at the same time they're contracting with us. I could see a scenario where their full day may not be filled with graffiti in San José and if they can do it in other parts of the city that would not be the worse thing that could happen. I just wondered if that was the case.

>> Thank you, Councilmember Pyle. Yes, this is a fee for service contract but the client, GPC has no other clients in San José at present. The contract doesn't preclude them from doing that but currently they do not and they envision bringing dedicated staff solely to focus on the City of San José.

>> Councilmember Pyle: So having that bird's view of what's going on I would think it could be quite helpful, in that they could be spotting trends, they could provide information to let's say the gang enforcement task force, excuse me, you know what I mean, so that we can perhaps stop things before they start. So I just wondered if there was any kind of an informational tunnel that could be used. Or if it was talked about at all.

>> Absolutely, we really see GPC as an extension of our staff. As we outlined in the graffiti memo, PRNS will maintain oversight of this entire program. We've maintained staff to oversee community involvement and work closely with the volunteers, we maintain staff to ensure all the enforcement components, where we partner with PBGC and the police department and we also through this process are establishing a subcommittee of the parks and recreation committee who will partner with some of our volunteers to kind of have an oversight committee as well to ensure that the services we're getting are the services we intend on getting and will be reporting it out through neighborhood services and education committee.

>> Councilmember Pyle: Good.

>> Two times a year.

>> Councilmember Pyle: Because the ultimate aim I would think would be to do away with graffiti in the first place.

>> That's our goal.

>> Councilmember Pyle: That would be one way to get on top of it, thank you very much.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: I just want to compliment PRNS for the excellent work in trying to find a solution to this. So I think you're maintaining you know the elements that we didn't want to lose from the city

program. Obviously would have rather kept it and not have to lay anybody off but at least you're maintaining that service, maintaining that could be duty to the police and making sure the volunteers, all of us have done it for years, I know I have one in my district that's been out there for 30 years cleaning up graffiti so we definitely want to maintain the cadre of volunteers. I hope through this technology, we're implementing some new technological here that we'll be able to do more across our city. Because the big culprit here is graffiti and we need to do something about it because I think we're seeing more and more of it throughout our city and it's not a good thing. I think it sends a bad message when it stays up and if we can get it taken down within 24 hours and really keep on top of it as it's pointed out earlier, we may even see less of it. I hope this program will address graffiti and maybe even see improvements. I'll be supporting the motion.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. Getting back to some of the questions that I had, I did talk about in the staff report you mentioned a specific volunteer group. How do -- given that this company has proposed a very technical process to remove graffiti, how would you incorporate volunteers in that? And the volunteers from the source that you listed.

>> Right, absolutely. And you know I really need to recognize that both our antilitter and antigraffiti programs have a combined volunteer workforce if you will of over 6,000 folks, so our community is very much engaged in wanting to abate graffiti and litter in our city, and we really rely on that partnership. As I said, we would be maintaining city staff to work with those volunteers. And we continue to issue paint kits and things like that from city staff as we had in the past. In addition as we get into the paint-matching what the vendor is proposing is creating those cans of paint that have the paint match. So if we do have a volunteer that lives in a neighborhood in an area that does get repeatedly tagged, we have that proactive close neighbor who can abate but also abate with a complete paint match instead of using the four basic colors which is our current process.

>> Councilmember Campos: But how are you going to incorporate -- I mean you listed in the staff report sentencing alternatives as your main source of volunteers. How are you going to incorporate them into this

project? And I say that because I have experience with -- you know with that source. And it's like herding cats because they're youth. You know, and they have to be constantly monitored. You can't just send -- you can't just send a teenager that first of all is doing restitution to the community, second of all really doesn't want to be there. You know, with cans that you're going to eye-match and expect to get that is one of the hardest thing to do is eye-match and you can't just -- you'll never get the color perfect you can't just color one square foot, you got to do the whole thing for an eye match or you'll see the difference. What are you going to eye match with the teenagers?

>> Thanks for clarifying. We have those volunteers that live in the neighborhood, that's the 6,000 number, those are mostly adults who live in the neighborhoods. We would hand them a can of paint that would match that cinder block in the neighborhood. The alternative work program is a separate type of arrangement and we send a city staff member out with that work crew and we oversee the work that they're doing. That's a part of the contract we have president county and will continue to do that into the future.

>> Councilmember Campos: Oh, so that would be separate from the contract, the proposed contract?

>> Yes, absolutely and we'll have coordinated efforts so that we're working on the areas that are in greatest need.

>> Councilmember Campos: Okay, next question is, so what happens if we get to the threshold of what we signed up for with the contract, I believe it's 1.5 million square feet. What happens when we get there in the middle of a year or three quarters into the year?

>> Right. We'll be would being closely with the contractor. We'll be evaluating fiscal components on a monthly basis. Even more closely than that but definitely at least at a minimum on a monthly basis and we'll have to make adjustments just like we do with our own work crews. So currently if we have a spike in graffiti sometimes we make a decision that our service standards have to be changed and we're not able to chief the 24 and 48 hours -- achieve the 24 and 48 hours. And we create a backlog. Other times we want to hit the graffiti and abate it. So we'll

make those same kind of operational decisions with the vendor. And we'll sit down with them and we'll say, okay, there's a spike, how are we going to manage that? We're going to invest some of our dollars that are budgeted for the entire year, we're going to invest some now even though that means we're going to have to be a little tighter in our budget later in the year or are we going to take a little longer to abate right now because it's a spike? Same operational decisions.

>> Councilmember Campos: So it is possible that we could get to the 1.5 million square feet and then have to buy more services to finish off the year, is that -- would that be -- I mean could we potentially see that scenario?

>> It is possible that that could happen. It is also possible and the vendor has experienced this in city after city that when they do the beautification graffiti incidents go down. We could be seeing 1 million square feet instead of 1.5 million square feet and we could save money.

>> Councilmember Campos: Okay. Well, again I'm just not convinced. I think we, as Councilmember Kalra mentioned, we have a national model, a lot of the reason why we have a national model is that you know, one, we've been able to have those that are doing the abatement really form partnerships and real relationships with you know community leaders out there that have adopted portions of their neighborhoods. And I'm just -- I'm concerned that we're dismantling this. I completely agree with Councilmember Rocha you know in terms of seeing that this is a trend you know, I mean, could be other departments next. And I'm really concerned about that. I think that the -- you know when people look at a -- a -- you know wonderful place to live U.S.A, they look at quality of life things and it's their connection to their municipality. To their -- whether it be a rec leader another community center or a librarian or in the case like this, the person that comes out that they know they can call, hey so-and-so, we just got tagged, can you come out and there's that connection. So I'm real concerned that we're losing that and that we'll lose it forever. And so I will not be supporting the motion. Thank you.

>> Mayor Reed: Councilmember Nguyen.

>> Councilmember Nguyen: Thank you. Staff I just had a question about graffiti abatement on utility boxes. So my understanding is that we have a pilot program now where we actually require or demand that the utility companies will be held accountable to abate graffiti on utility boxes that are in the cities right away. So if the graffiti protective coatings take over do they have anything to do with this or the cities continue to work with the utility companies to abate the graffiti from the utility boxes?

>> Right, we will be working in partnership with GPC on all of our abatement efforts. But we are maintaining 3.75 FTEs, so city staff, so that will continue to be a city staff project. It's a major endeavor, at first it seemed kind of easy but utility box is not a utility box and what we're doing is we're having to go through systematically and identify whose utility box is that, and we inventory it then when we find graffiti we can notify. Is this a PG&E box is this a cable company box? We notify the correct organization for them to abate. We've reached out to them and they are interested in abating but they would like us to help with the notification process.

>> Councilmember Nguyen: Thank you. I'm going to support the motion. I think that the increase of graffiti in our city is just way out of control, and to continue to do the things that we do, not that we don't appreciate what staff has done, but for this company to come in and do that kind of work and abate all this graffiti and then we get to save over \$600,000 I think is something worthwhile to look at so I'm going to support the motion. Thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you. In regards to this plan they have to I guess go and cover the beautify portion of it, I imagine that must have some pretty hefty startup cost. That's very labor intensive process to go through. So how much of the work is anticipated to be that, initially in terms of as opposed to covering up graffiti on calls? And how long do we anticipate that beautification process to take?

>> It's a great question and we've been in conversation with the potential vendor, in preparation for starting this service and really literally 13 days. And what we are going to do is you could take an approach to spend more money on it and beautify the city in a faster rate. We're going to take a more balanced approach and that is,

decide what neighborhoods are going to be beautified over time and create a schedule as to how that will occur and continue to expand and expand until the whole city is covered under that model. It is going to take an investment of time and effort and we're going to manage the budget so that we stay within our fiscal constraints. I don't have an exact time line to provide for you right now but that will be one of the first task force that PRNS will be working with GPC to develop in the first months of service. Right now what we're identified right now is which neighborhoods to start on.

>> Councilmember Kalra: That was my next question, are we prioritizing the areas hit most with graffiti to start off with?

>> Absolutely, it's going to be totally based on prior tags in the area and the concentration.

>> Councilmember Kalra: And then on the 1.5 million, I know that according to the staff report, '09-10, there were over 1.5 million square feet of graffiti, there was over 1.5 million square feet of graffiti and this year's been really bad. I mean I don't know what the numbers are going to play out, I guess we'll have the data soon enough. But it seems like this year has been worse. And in order, if we're paying for the beautification and for the covering of graffiti, the beautification I imagine that square footage is counted in the beautification aspect. But on top of that we're covering graffiti, I have a great concern that we're going to go far over budget and then have to pay -- pay X amount over on top, as opposed to right now we have an antigraffiti team, and we have their salaries, their budget and that's the budget. They work with the neighborhoods and they do what they can and they have a model that works and has worked. And so that's one concern of mine. The second concern which I won't repeat is Councilmember Rocha's concern. And the third is this dismantling a team that is working and if there is any increase we see in graffiti, it's not because we don't have the right setup or system, and if there is any technology that can improve it we can bring that in-house. I mean, particularly when it comes to using smart phone applications and all that. I mean, that's something simple to bring in house that we can give to our team and to give to our employees as opposed to using that reasoning as part of the reasoning to bring in an outside contractor. But I think we have a great risk of out-of-control cost with this and once we outsource it we're not going to be able to bring it back in overnight, so we are stuck with those costs at the very least for one year, and who

knows how much going forward. I just have a great concern about dismantling a team that is working, and a department that is currently working and this whole outsource at all cost -- well, I think there's some cost that I think would end up costing us more money if we just continue down that path.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor Reed. Julie, I really want to thank you for your thoughtful answers to many of the questions you had today. I think the questions tend to be the typical questions what happens when we reach the topic of outsourcing. And it may not be what we want, but I tell you at the end of the day the residents want the service. They would prefer to not live in a graffiti-filled city whether it be gang or nongang tags. And I think you provided a proposal through PRNS to maintain a service. Because if we don't like it, then find \$613,000 somewhere else you want to cut, and there are no cuts that are left easy. So I really appreciate that you've left city staff employees to work with the volunteer component, but you're basically taking out the painting of walls and having someone else do it to maintain the service. Otherwise, we're not going to have the service, and I think that's something that most people would get, given the proposal that's before them. So I really want to thank you for your well thought answers to the questions here and appreciate it very much. Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. Julie I know in the past we've had ongoing challenges with CalTrans and the railroads and these other entities that own properties around us that become laden with graffiti and of course the complaints come in from residents because for understandable reasons for them, it's all the same government, why can't you guys get rid of this graffiti. The question I have is, is there any opportunity with this contractor or anyone else to see if they can contract with all those entities in our jurisdiction so that we can have literally one point of contact to deal with this program, so we're not playing bureaucratic pinball every time we're dealing with the mess that's on -- over 101 or 280 and on a CalTrans rail bridge?

>> It is a great suggestion. We have maintained staff and we'll maintain the responsibility within city staff to have those relationships at that time higher level and so we can access things when we want to abate in an area but it's a great suggestion and we can take that back and offer up to our partners this new model and see if they would be willing to partner with us.

>> Councilmember Liccardo: That would be fabulous. I know I'm only one vote out of 11 but I'd be willing to pay if we could empower any group whether it's our employees or contractors to actually go up on those rail bridges to clean it up. Because it always takes us months to deal with those issues, of course I understand there are real safety concerns and we need to be sensitive to that. I actually share the concerns of several of my colleagues about actually dismantling a team. In the past this group of employees last been in the past one of our two or three most popular groups of employees in terms of services that are provided. The praise, from the neighborhoods several of the folks I've worked with them and I'm incredibly are grateful for what they've done. Our backs are against the wall here. We spent five or six hours debating how we are going to be able to squeeze one or two more officers on the beat. This is another five or \$600,000 of savings, it's a painful decision but we're going to have to pull the trigger and try an approach that will hopefully enable us to keep the service alive.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you. I just wanted to continue on that line that it really is about the service. And we need to make sure that we can provide the highest level of service that we can, given the budget constraints. And in this case and in many other cases outsourcing will probably be the answer. And I know that it's easy to have the fears of what if, and it was just about 12 months ago we were here, we were hearing the fears of how terrible our janitorial services would be if we outsource them, that the City Hall would be falling apart and things would be messy and things wouldn't be stocked and we've seen not only here but at the airport very good results. And we've saved money and preserved services. And as Sam alluded to, we've got next year, and the next year, and the next year where we're going to have similar very, very difficult choices. And we have to keep focus -- keep ourselves focused on the service. And I think that's what this proposal does.

>> Mayor Reed: City Attorney.

>> City Attorney Doyle: I want to make sure I understand the, from a disclosure standpoint what we are talking about here. Because my understanding on this agreement or this direction to negotiate and execute this agreement is that the 24 hour turn around and beautification of -- isn't citywide based on the current budget. And I think there's been conversations with the vendors that will define two council districts that will be part of the negotiation where you meet that 24 hour standard, at least at the beginning but based on a million and a half dollars given the budgetary constraints and the million and a half square feet and what we think might result, it's going to be -- I don't want to give anybody the impression that citywide we'll be a 24 hour turn arounds time period, I hope I'm correct on that because that's the information I'm getting.

>> Yes, thanks for the chance to clarify and that is we would maintain current service standards. Our current service standards are 24 hour abatement on gang related tags, 48 hours on other gang-related tags. Understanding that current city staff work Monday through Friday, and so that is a business-day evaluation and that's achieved within 95% of the time. So the vendor would do that, for to maintain service level citywide in a reactive way from the hot line. The beautification paint match and 24 hours that would occur systematically over time as they work through each neighborhood and each zone.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: I just had a question and it sort of relates to what Councilmember Liccardo was asking about other entities. In terms of the utility boxes, is there a way that we could sort of do like has been done with trees and sidewalks that if we set a standard and then the utility company doesn't take care of it, can we have it painted and then charge them? Is there any way to do that or is that strictly not you know out of our legal reach?

>> No actually --

>> Councilmember Herrera: Because it sounds like it takes a lot of staff work to try to find out you know you've had to figure out which utility and which box and if I were thinking about it just from a pragmatic standpoint, why wouldn't we want to paint it and charge them, notify them, get it done and then charge them, sort of like we do for other kinds of violations.

>> Councilmember Herrera thank you. The municipal code does allow us current process to notify them and give them a certain amount of time to abate. If they do not abate within that time frame, we are allowed to eradicate the graffiti and send them the boxes. We are notifying the correct vendor and giving them a correct time period to do that.

>> Councilmember Herrera: Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: So I'm trying to understand, you're talking two council districts will be that test area on the 24-hour removal? I'm just -- could you explain that again?

>> Yes. It's not two council districts. What we're going to be doing is mapping out the city on a zone by zone basis, neighborhood by neighborhood basis and say this is where they're going to focus their beautification efforts first. And those neighborhoods are the ones that are hit most often and then they'll expand that beautification approach neighborhood by neighborhood ultimately until it covers the whole entire city. It would require a bigger investment of funds to try and just go through and eradicate the whole city at once. That's not what we're proposing. We're proposing to do it systematically and maintain service levels in all other areas at the same time. So we do get to a beautification in the end, but we do it in a fiscally responsible way, so we save the funds that we are proposing.

>> Councilmember Campos: So what you're -so you also talked about how city staff will do evaluation on whether or not something's gang related or if it's you know tagging crews, but they don't work on the weekends, and you know a lot of stuff goes up on Friday afternoons and Friday evenings. And people -- people get shot over territories and that's what you know obviously that's what most of the tagging is, you know, one group going into another neighborhood, putting something up as a challenge and you know, how are we going to deal with that?

>> Yes, Councilmember Campos just to clarify, current city staff, City of San José staff only work on weekdays and do not abate on weekends. The vendor will abate seven days a week.

>> Councilmember Campos: The vendor will abate seven days a week?

>> Yes they will be able to abate on weekends.

>> Councilmember Campos: There won't need to be an evaluation to distinguish whether it's a gang group or a tagging crew?

>> They will be using a digital photo, they'll be taking a digital photo before they abate, so we have that for any kind of follow-up and coordination with PD. And they will be able to learn the gang related tags over time in our area, yes.

>> Councilmember Campos: So at the beginning I mean at the beginning they won't know?

>> In the beginning there will be a ramp up and we'll be working very closely with them to educate them, we'll be handing over our database to them, so that they can get educated. As I mentioned before, they're a graffiti eradication company. They do this in other municipalities and they are used to working with this type of challenge so they'll get up to speed really quickly on that.

>> Councilmember Campos: Okay.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. The \$613,000 savings that we achieve resulting from outsourcing is pretty much all just salaries, right? I mean how many city employees we are laying off to save that \$613,000?

>> That is correct. It is 13 just over 13 FTEs full time equivalents. However, the employees have civil service rank. So as a result at last count this is a very dynamic process employee placement. Only one employee would be subject to layoff, other employees would be subject to work in other departments within the city.

>> Councilmember Chu: Currently we have 13 staff members out there doing the painting during the weekdays?

>> That is correct.

>> Councilmember Chu: For this company that we're outsourcing to, how many staffing level that they can commit to us?

>> So the contract that we're executing with this particular vendor is a fee for service contract. And so it's up to the contractor to decide the staffing level that's going to be needed to abate the graffiti.

>> Councilmember Chu: The only commitment is that they will do it within 24 hours?

>> Correct, they'll maintain our current service level which is a multilayer 24, 48 hours in the responsive areas, and then in the beautification areas they'll do the 24 and that's -- and then they'll be paid, compensated on a price per square foot basis for doing so.

>> Councilmember Chu: Are you eliminating 13 positions, how many of them are in the management?

>> Currently there's in the graffiti unit there's only one manager. And that management person is maintained to oversee the contract, to oversee the city staff, 2.75 that doesn't include themselves and to continue to work on things like coordination with other entities such as Union Pacific, CalTrain, CalTrans and overseeing the entire program.

>> Councilmember Chu: Okay so we eliminate 13 workers and we eliminate the manager that used to be managing the 13 workers.

>> We retain 3.75 FTEs, one position is management, the other 2.75 are nonmanagement. We also maintain folks to do the volunteer program, to coordinate with police department and planning building and code and in order to maintain database and to do all the intake for the phone calls.

>> Councilmember Chu: You say the staffing level from last year, 3-- I mean in terms of the outreach?

>> In terms of -- yes in terms of the outreach and involvement, it's a similar staff. It is -- we did remove a vacancy.

>> Councilmember Chu: I see, thank you.

>> Mayor Reed: We have a motion to approve. Scott Johnson wants to add a little comment.

>> Scott Johnson: Thank you, Mr. Mayor. I just wanted to add on to our city attorney's comment and the question he raised. I wanted to make sure that the council is clear that the scope of work that staff has responded to and refined upon due this oral discussion will be consistent with the negotiate and execute the ultimate agreement that we are negotiating with the vendor which is a bit different from what's in your written staff report. I just wanted to make that clarification for the record that we refined the scope of work and clarified the scope of work per this discussion this evening.

>> Mayor Reed: Okay, well it's good to know that council discussion has some impact on these things from time to time. I guess that's why we have these just little discussions. On the motion, all in favor --

>> Norberto Duenas: Mayor.

>> Mayor Reed: I'm hearing a voice Norberto.

>> Norberto Duenas: We do have reports going to the neighborhood services and education committee. Weons Julie and I attended the community budget hearings and heard the residents and want you to know that we'll be providing reports on a more frequent basis than the six-month time frame here.

>> Mayor Reed: All right, anything else from staff? On the motion, all in favor? Opposed, one two three four opposed, Kalra, Chu, Campos and Rocha opposed, that passes on a seven-four vote, that is approved. We'll now take up item 3.11, the council appointee compensation. I have a memo that I put out May 19th, with my recommendations to make our ordinance changes to implement compensation and benefit reductions for city council appointees in the form of making last year's 10% reduction in compensation ongoing. Like we did with many of our bargaining units that had done five and fives last year, 5% one time 5% ongoing this year we made it basically all ongoing so I'm proposing that we follow this same method with our council appointees and that we basically roll forward and then make the other compensation changes that we did for unit 99 and some other areas as well, reducing the disability supplement and the vacation sell-back items as well. And I will note that this change would not affect the City Clerk or the independent police auditor. Because we're rolling forward things that were done last year. And they were not included in the actions taken last year. So I'm just rolling forward what we did last year at least that's my recommendation. So I put that out for council discussion. Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. I think that it's important that the IPA does participate in the wage reductions. I understand that when the appointment of the City Clerk was made recently, it was based on the 10% reduction being factored in. However, when we had this discussion last year, it was very clear that the

offer to the IPA was made before the 10% target was set. And we had quite a discussion at the council meeting about whether it should be -- whether the IPA position should be included in that or not. Right now, as it stands without the IPA included, it would be every single employee except for one sharing in the sacrifice. And last year, when I brought this up, I went back and looked at the transcripts from the evening to see if it was the same as what I recalled. And there were a couple of things that I think we just need to remind ourselves of what occurred. When I question the situation, then Vice Mayor Chirco made a comment that she -- quote I don't disagree with Councilmember Constant but I think there's a fairness issue where this was the advertised salary. That does not mean next year when this comes around this salary wouldn't be part of the discussions but I'd like to make a motion to approve the memo as it stands. Later on in the discussion, the mayor commented, and I'll quote again and she understands that things can change next year, that this is not a commitment for two and a half years, it is just a commitment for the starting salary and I'm not recommending we cut the starting salary. Well a year has elapsed and we have asked everybody in the organization to take a pay cut. Including making sure that our recently appointed City Clerk participate in the wage reductions. So with that, I'd like to make a motion to approve your memorandum, with making it explicit that it does include a 10% concession and other factors that are in your memorandum for the IPA.

>> Mayor Reed: All right, have a motion on the floor. Councilmember Herrera.

>> Councilmember Herrera: I agree it should include everybody.

>> Mayor Reed: Anybody else on the motion? We have a motion to approve, as modified by -- my memorandum as modified by Councilmember Constant. On the motion, all in favor? Opposed? Two opposed, Reed opposed, two opposed, that carries on a -- my math is not good, I think it's a 9-two vote. Right, did I count -- anybody else opposed to the motion? I think it was just Councilmember Chu and myself. The motion passes. Item 6.1 actions related to establishing speed limits. We have a motion to approve. I think staff had -- wanted to make some comments.

>> Hans Larsen: Just very briefly. We had a presentation on this but given the full agenda you have, I would reiterate the purpose of this is to establish or reestablish speed limits on various street segments, including portions of the county expressways. The recommendation is in part in response to changes in state policies on how we set speed limits. The ultimate outcome is we want to be in compliance with the state law to allow our police to safely provide radar enforcement on our streets. We have got the police staff and county staff here if you have any questions.

>> Mayor Reed: Is it still the case that if you don't set the speed limits right, you can't use radar? Or the courts won't recognize any tickets issued?

>> Hans Larsen: That is correct.

>> Mayor Reed: It's kind of important to get it right. Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. I have a question of the charts starting on page 4, Hans on forward. When we see the 85th percentile based speed limit obviously we're seeing rounded numbers because they're rounded off to the nearest five right, I understand that's how the state law works, you got to be within five, actually I don't know exactly what state law requires. But I'm trying to understand the -- you know, there's a part of me that's resisting the idea of increasing speed limits, as you can understand. As many of us represent neighborhoods where we hear quite a bit about concerns about speed in traffic. And my question is, is why are we seeing the 85th percentile speed limit rounded? And I guess there's a follow-up question I'll let you answer that first.

>> Hans Larsen: Yes, so the state criteria is clear in that we have to set the speed limit based on an engineering and traffic survey that looks at what is the 85th percentile speed. And so then we have to round to the nearest five. So if it's 33, we've got to go up to 35. If it's 31 we can round down to 30. And then we have -- so that's the base speed limit. We have the ability to exercise some discretion, if there is cause based on accident history or unknown conditions. That the city traffic engineer can reduce the 85th percentile base speed limit up to five miles

an hour. And that's really the distinction with the new procedures. There had previously been greater discretion applied but that discretion is now limited to just five miles an hour.

>> Councilmember Liccardo: Okay. So in order -- obviously we want to avoid that magic speed trap designation in the law. I'm trying to understand how it works exactly. Let's say we've got 85th percentile on our road, and it comes up as 33 miles an hour. Now, for rounding we go to 35 theoretically. My question is, is if we set it at 30, do we -- are we subject to potential speed trap designation under the law, or could we set it at 30, even though you would naturally round 33 to 35?

>> Hans Larsen: In that case we have the discretion with cause to set it at 30. In a number of our recommendations we do exercise that discretion because of some special conditions along the roadway.

>> Councilmember Liccardo: And those are special conditions enumerated in the statute of regulations somewhere?

>> City Attorney Doyle: Yes I think the -- I'm going to let Hans handle the technical side of it. Our concern typically is the ability to enforce with the courts that use radar. And that's really the real concern with the city attorney's office.

>> Councilmember Liccardo: Obviously I read the memo. I understand that we're trying to avoid that like Kryptonite. I'm trying to see how close we can get to the Kryptonite without touching it, exactly. And I guess my question is, let's assume there are no conditions of any kind that can enable us to use discretion. Are we bound by a 5 mile per hour range? Or is this move based on what our standard deviation might be, because I understand the standard deviation grows as the speed limit grows.

>> Hans Larsen: We have -- there are procedures how you do the studies and determine the 85th percentile, you know so statistical accurate in terms of what we have and we do have to actually have the report stamped by

qualified engineer and it's filed with the court so the judges actually have these in traffic court when they review these issues.

>> Councilmember Liccardo: I guess my question is more simple, is are we chained to a five mile-an-hour range?

>> Hans Larsen: Yes.

>> Councilmember Liccardo: All right. So if our 85th percentile number happens to be 31 miles an hour, we're verboten from going to 25? I think that's what you're saying.

>> Hans Larsen: No we can -- if it was 31 we would set it at 30. That's the base, base --

>> Councilmember Liccardo: And my reference would say, set it at 25, right?

>> Hans Larsen: Then if there's cause then we can take from that base 30, we can lower it to 25. And some of the factors we consider are, crash history, the alignment, geometry of the roadway, is there something there that may be unexpected for the driver. Presence is high pedestrian activity, certainly, you know, neighborhoods, schools, bicycle activity.

>> Councilmember Liccardo: Okay.

>> Hans Larsen: There's a number of things that we can take a look at. And we're certainly sensitive -- this has been kind of a difficult issue for staff in having to deal with these new regulations. The sense of the council and staff is that we want to manage the speeds on our streets as low as possible and so we're looking to be as creative as we can within the legal confines that we have to you know set the speeds at a reasonable limit.

>> Councilmember Liccardo: Okay.

>> Hans Larsen: And I think ultimately we believe that regardless of where it's at or the fact that we're able to provide police enforcement and have police presence on our streets is ultimately going to provide the best level of safety that we can.

>> Councilmember Liccardo: Thanks Hans.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. I think it's pretty obvious that the state controls the speed limit on streets more than cities, even though most residents think that we do. I think Councilmember Liccardo's questioning, I feel it. Question for you Hans. If you don't have the correct speed per the state, what they'd like to see and someone gets a ticket is it no ticket can be issued on that street via radar or is it only at a certain speed limit? So to Councilmember Liccardo's example, if you had a 31 or a 35 and you reduced it to 25, and so someone got a radar ticket at 35 versus someone who got a radar ticket at 50 or 60, are they both treated the same?

>> Hans Larsen: I don't know if Laura or Chris want to come up but there's kind of an excessive speed law. If it's 30 and you're going 50 or 60 that you can be cited for that, you're significantly over. There's a distinction in that this is what is required for radar enforcement. And so if a police officer is following somebody not using radar, then there is some different guidelines that apply to that circumstance.

>> Councilmember Oliverio: So does it disqualify all radar verified speeds or just within e-within a certain speed?

>> Hans Larsen: Laura or Chris could you have.

>> Would you not be able to.

>> Councilmember Oliverio: At all?

>> At all.

>> Councilmember Oliverio: And.

>> Certainly how we control speed on our roadway.

>> Councilmember Oliverio: I will hesitantly support. I am of the inclination that if the good people will always drive the posted speed the deviant people will speed as I'm sure you know, some of those deviant people will be our neighbors. With that said until we have someone in the state legislature to allow cities to have more flexibility this is what it is.

>> Mayor Reed: All right, I think that concludes the discussion. We have a motion I believe, I've got that, yes we did on the motion. On the motion, all in favor, opposed, none opposed, that's approved. Taking us to the last item of business on the agenda which is the land use item, 11.3, rezoning property at the southeast corner of north first and east Rosemary street. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. Mayor, I'd like to make a recommendation to approve with a modification of staff recommendation, and that is on -- based on conversations I've had with Jonathan Imami and with Laurel Prevetti, I'd like to amend page 13 of the development standards and the penultimate paragraph, the paragraph indicated with the letter A on page 13 of the development standards. Should read, the developer shall pay an amount to the city to assist in the acquisition and or improvement of park land in an amount between \$400,000 and \$500,000 apportioned between the two projects. With that modification, I'd like to make a motion to approve.

>> Councilmember Herrera: Second.

>> Mayor Reed: All right we have a motion to approve. With the modification language. I'll take a minute because I see Laurel Prevetti consulting with the developer. Get a comment from the developer on this.

>> Councilmember Liccardo: I SEIU see Jonathan we have been communicating by text message, he may not have had a chance to see the latest.

>> Jonathan imami, president of the development corporation. We're okay with that. The only thing I'd ask is there's flexibility. We're currently moving forward with the family portion of this project which is 184 of the 288 units. The project is currently pending a -- it has received a tax exempt bond allocation and as of last Friday received a preliminary recommendation for 4% plus competitive state credits. So an allocation of tax credits will be received next week on Wednesday. Yes, next week on Wednesday. So the flexibility to be given where the range of four to \$500,000 and it would be first the total amount divided by the total 288 units and then prorated across the project. But if there is a shortfall on the family project to be picked up on the senior project which is the second phase that will be hopefully built later.

>> Councilmember Liccardo: Mayor if I can just respond. Hopefully the language I've fashioned is hopefully sufficient to cover that.

>> Mayor Reed: Laurel Prevetti is saying yes I believe.

>> Laurel Prevetti: Yes, Mr. Mayor this will work, we also just respectfully request that the second reading for this zoning be heard next week on the 21st. Thank you.

>> Councilmember Liccardo: That will be part of the motion.

>> Mayor Reed: Okay, motion to approve with second reading next week so we don't lose the whole month of July. We need to build a park and some things out there. On the motion? All in favor, opposed, got one opposed,

Councilmember Oliverio, so that motion passes on a 10-1 vote taking us to open forum. I have requests to speak. If you're going to speak in open forum, come on down. Chris Ortiz.

>> Mr. Mayor, respected councilmembers. I'm a resident here in San José, I also work here in San José. My big concern is the youth. The gang violence is increasing, that's a given, we all know that. The youth intervention services department with PRNS is also part of the mayor's gang task force. Our job is to help these youth prevent what they're doing. It's difficult when we're taking a 24-man team and reducing it down to 6. We can't get the job done. My request to you is to please reconsider and look at the staffing. We can't do the things that we used to do with these youth. Because we're downsizing. It's a lot more difficult now. For me, I love what I do. I love working with these youth. Just like you love an enjoy doing the job you do. I understand it's difficult for myself it is as well. It's very emotional at times because we do get attached to these youth. My request to you is to please don't consider cutting this staff. How can we work together to help the City of San José with this. I apologize. Forgive me. My -- I feel for the kids that I work with. I feel for my co-workers. I feel for the city in general. I love the City of San José. I grew up here I was raised here. So for me this is giving pack to my community, giving back to my city. And that's what I want to do. That's what I want to continue to do. Thank you.

>> Mayor Reed: That concludes the open forum, that concludes our meeting. We are adjourned.