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>> Mayor Reed: Good morning. I'd like to call the San José city council meeting to order. This is the labor update section then we'll go into closed session and we'll be back into open session at 1:30. So on the labor update. Gina.

>> Gina Donnelly: Good morning, mayor and city council, Gina Donnelly, deputy director of employee relations. City has not received any new proposals so we have no report.

>> Mayor Reed: Okay, I think we have a request to speak. Yolanda Cruz. I think. Haven't seen a card; just guessing, okay.

>> My name is Yolanda Cruz, and I represent AFSCME MEF. We are here today because all bargaining units in the Federated union are now working together. We feel that with the commitment from the city to negotiate in good faith, we can find solutions that will assist us. We are putting the final touches on a fiscally sound proposal that meets the direction the council has given. This is a forward thinking comprehensive proposal that addresses the financial challenges and puts the city and its employees on a solid footing to allow us to continue to provide valuable Services to the community and residents of San José. We are scheduled to meet with the city later this week and look forward to a productive and meaningful conversation. Thank you.

>> Mayor Reed: Thank you. That closes the public comment on the labor update. We'll now go into closed session to continue the agenda. We'll be back at 1:30. Oh, I'm sorry. Go ahead. Come on down. Paula Martinez.

>> I'm a resident of San José. And a voter. And a city employee. Please stop this madness. I can't endure any more cuts. It's so expensive to live in Silicon Valley. When I started with the city 21 years ago, I worked for low wages, and I had to work two jobs. But I made the sacrifice because I knew the medical and retirement benefits were worth it. Now, the promises that I based my long term career with the city are now all being stripped away. How are you going to hire dedicated workers when you will have nothing to reward them with? And now, you want the philanthropic vote to raise our retirement age? I say no. You want the public to decide if or when we should get a raise? I say no. You want to contract-out city services? I say no. Look at the antigraffiti

program. Once hailed as a role model for the country. And now you've contracted out, and it's a joke. There's graffiti everywhere. It got so bad, that they had to bring back some of the City's original graffiti workers to help abate the graffiti. You're crippling the future of our city. Its city services and city workers. And you don't even know it or refuse to realize it. Mayor and council, how would you feel in your wages were cut drastically? Your medical costs sharply increased? Your car allowance was taken away? Your 221 health in lieu was taken away? Your retirement was lowered with no future colas, and you could no longer take the whole month of July off? How would you feel? Could you come to work and be effective? Stop the madness. Stop saying one thing to our union leaders behind closed doors, and then another to the media. You know we are close in agreement. Save the city money from a costly court battle that you will lose, and the city can't afford. Please bargain in good faith with our unions.

>> Mayor Reed: That concludes the comment period. We're going to adjourn into closed session. We'll be back at 1:30.

>> Mayor Reed: (gavel strike) Good afternoon. I'd like to call the San José city council meeting to order for November 8th 2011. We will start with the invocation. Councilmember Pyle will introduce the invocator.

>> Councilmember Pyle: Thank you, mayor. It is my pleasure to introduce Bernard Smith. He's 25 years old, and at age 3 he was diagnosed with autism. However, he plays the trombone, the piano, electric bass and sings with perfect pitch. Bernard loves music and is involved with a number of bands. He plays trombone with the symphonic band Ambassadors with whom he traveled to Japan. He plays trombone and sings with the jazzband dÈj vu, with whom he traveled to Europe twice. He plays trombone for the De Anza jazzband, Daddyo's, and plays electric bass guitar and sings with the Magic Makers. This band features musicians with special needs. Bernard also has his own CD, entitled Music Man. He has performed as a soloist for this year's disability awareness day here at City Hall playing keyboard and singing. He is currently looking for solo performances.

Although Bernard has lots of experience performing, it's still a nerve racking job. Please, I'm asking you to be a good audience for Bernard and join him in singing our national anthem in recognition of Veterans Day. Take it away, Bernard. O say can you see, by the dawn's early light ∂ ∂ what so proudly we hailed ∂ ∂ at the twilight's last gleaming ∂ ∂ whose broad stripes and bright stars ∂ ∂ through the perilous fight ∂ ∂ O'er the ramparts we watched ∂ ∂ were so gallantly streaming ∂ ∂ and the rockets' red glare ∂ ∂ the bombs bursting in air ∂ ∂ gave proof through the night ∂ ∂ that our flag was still there ∂ ∂ O say does that star spangled banner yet wave ∂ ∂ O'er the land of the free ∂ ∂ and the home of the brave ∂∂ [applause]

>> Mayor Reed: Please remain standing. Next is our pledge of allegiance. Please join in the pledge. [pledge of allegiance]

>> Mayor Reed: Our first item of business will be the orders of the day. We have a couple of changes from the printed agenda. We need to defer item 2.3B, council committee report for a week to November 15th. Any other changes to the printed agenda order? Please note we're going to take up the joint city Diridon authority board before we get into the council agenda. 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: Mayor, the city council met in closed session this morning, there is no report-out.

>> I'm going to invite Councilmember Herrera and Women Impacting Public Policy to join me at the podium. This ceremonial item we're declaring November 26th as small business Saturday in the City of San José. Something that's happening around the country. Councilmember Herrera has the details of the event.

>> Councilmember Herrera: Thank you, mayor. Today we are proclaiming small business Saturday. To recognize the importance that small businesses play in strengthening our economy. I want to introduce those who have joined us here today. To acknowledge their efforts in supporting small businesses. Lynn Bunham, director of special projects for the organization, Women Impacting Women. From our City's economic development office, we have Jeff Ruster and Des Woodworth. They are working on our city's local efforts under the Shop San José initiative. Also Abby Swartz, the South Bay community manager for Yelp, I'm sure you all are familiar with that social media Website that supports local businesses. Pat Correia, a representative from the East Santa Clara Street Business Association. Jess Gutierrez, a representative from our Willow Glen business and professional association. Ryan Sebastian, District 8 resident, founder and owner of Treat Bot, the Karaoke ice cream truck that travels through San José offering delicious treats, and yes, I said karaoke and ice cream. Marilyn Leonard, an Evergreen business owner of Beacon Ridge Health Insurance Services, which provides support to small business owners. And representatives of the Hispanic Chamber of Commerce Silicon Valley, Executive Director Dennis King and board member Anita Garcia. So we are really happy to have all of them here representing small business businesses throughout the community. The national organization, Women Impacting Public Policy, has led to the local implementation of small business Sunday. Small Business Sunday is a day dedicated to supporting small businesses on one of the busiest shopping weekends of the year, Saturday, November 26th, that's the day after that Friday we all know about. This national initiative encourages consumers to make the choice, to make their purchases, within their own community. By shopping small, at local favorite stores, to help fuel the economy. Our local effort, the shop San José initiative, sponsored by the Office of Economic Development's Work2Future program under the auspices of businessownerspace.com, is targeted at educating San José residents about the advantages of shopping locally, namely, that what you want is here in San José, that local jobs are created here, that the environment benefits from less driving, and that public services are

sustained by local purchases. These objectives are well aligned with the small business Saturday efforts, which strive to remind consumers that you can make a decision this holiday season to patronize the businesses, to contribute to the vibrancy of your community. There are over 45,000 small businesses in San José which form a vital element to local job creation. These businesses hire people, they provide jobs. 8.5 billion, that is what is spent by goods and services annually by 300,000 San José households, and that number is simply going to keep growing as we keep growing here. The small business Saturday campaign is striking a cord throughout the nation in part due to generous support of the business community by American Express, Google, FedEx, Facebook and Yelp. And organizations like Women Impacting Public Policy have played a strong role in advancing this message by coordinating with local groups. So I want to thank you for your efforts to make small business Saturday a success and for those of you who are interested in knowing more about small business Saturday and want to participate, I encourage you to visit Facebook and search for Small Business Saturday, and "like" it. You can also visit www.shopSanJosé.bis which also provides a link to the national campaign. Now I would like to invite Liz Bunham, who will accept this proclamation on behalf of Women Impacting Public Policy, to say a few words after the mayor presents the commendation. [applause]

>> Good afternoon. My name is Lynn Bunham and I want to thank Mayor Reed and Councilmember Herrera as well as the rest of the members of the city council of City of San José. Along with your incredible staff, Des Wood worth, wherever you are, who has made this possible for us today. I am pleased, on behalf of Women Impacting Public Policy and the Small Business Commission to accept this proclamation. I also am here to really congratulate your mayor and your city council and your economic development group. Shop San José's initiative is the envy of cities around the country. You should know that. They're looking at you and taking you as a model. I also would like to say, a very big thank you to the mayor for the proclamation. After all, it's the leadership and the encouragement of the mayor and your city, had a will make shop -- sorry I was going to say shop San José initiative as well as small business Saturday November 26th happen. Your residents need the encouragement and they will thrive on it. I'd like to also just say that last year, shop small business, the small business Saturday, gosh you guys are getting me on your team. That's the way it works, right? It's catchy, it's very catchy. Last year, small business Saturday and let me again say that's going to fall on Saturday, November 26th, the stores that participated in it saw a 29% increase in their revenues over the year before. I am here to wish San José its small

businesses and particularly its local independently own small businesses, tremendous success. May you increase your sales this Saturday and go forth and we hope it's a huge success and we come back in 2012. Thank you again. [applause]

>> Mayor Reed: Now I'd like to invite Councilmember Constant and nurse practitioners Karen Ketner and Laurie Granbury to join me at the podium. We're going to dedicate the week of November 13th to 19th, as national nurse practitioner week in the City of San José. Councilmember Constant has the details.

>> Councilmember Constant: Thank you mayor. We have with us Karen Kentner, she is the immediate past president of the California Association for Nurse Practitioners and the Northern California representative of the American academy of nurse practitioners, and Laurie granbury, who is the vice president for the Silicon Valley valley chapter, California association of nurse practitioners. There are over 200,000 licensed nurse practitioners in the United States with more than 10,000 nurse practitioners in the state of California alone. Nurse practitioners have been providing high-quality, cost-effective, comprehensive and patient-centered care personalized for their patients for nearly half a century. Nurse-practitioners are registered nurses with advanced education and advanced clinical training and most of them have masters and even doctorate degrees. Nurse practitioners have provided health care services to patients for more than 40 years with its inception in the mid 1960s in response to a nationwide shortage of physicians. Nurse practitioners provide primary and also acute care in some instances an are qualified to meet the majority of patients' hearing needs. Nurse practitioners are considered everyday heroes because they are the proven experts in patient centered care and they work with the health care providers of choice for many people due to their unique combination of medical and nursing expertise and skills. Nurse practitioners are a vital part of our health care system and undertake a lot of very, very important duties for their patients making sure to guide those patients, to make smarter health decisions and lifestyle choices, ultimately to reduce overall health care costs. And we all know we need to be doing everything we can to reduce health care costs. So it's my honor that my colleagues and the mayor and I are joining together to proclaim this week national nurse practitioner week here in the City of San José. Mayor. [applause]

>> Thank you, Mayor Reed. Councilmember Constant, other city council members and distinguished guests. It is an honor to accept this proclamation of nurse practitioner week on behalf of all nurse practitioners who practice in the City of San José, Santa Clara County and basically all over our great state. We appreciate your recognition of the important contributions that nurse practitioners make to health care every day. These include promoting health, decreasing disease, and really maintaining great lifestyles for our patients and the populations we serve. We are dedicated to our patients, their families and this community and will continue to deliver safe, high quality, cost-effective health care. Thank you. [applause]

>> Mayor Reed: Now I'd like to invite representatives of Lynbrook high school and valley Christian junior high school, and Councilmember Constant to the podium, as we commend Lynbrook high school and valley Christian junior high school which have both been named a 2011 Intel school of distinction. We have one of these schools in district 1 and one in district 2.

>> Councilmember Constant: Thank you, mayor. We have a lot of folks joining us today so let me take a moment to introduce them. As the mayor said we are celebrating two schools' achievements today. Lynbrook high school and valley Christian junior high school. Gail Davidson, who is the principal of Lynbrook high school, Drew Cobble, who is the chair of the department of science at Lynbrook high school, and Amanda Alonzo, who is a science teacher and research coordinator for Lynbrook high school. From valley Christian we have with us Claude Fletcher who is the chancellor for valley Christian schools. Dr. Clifford Dawdry, who is the superintendent of Valley Christian Schools, Lisa Arnett, the principal of Valley Christian junior high, and Cindy Ginther, the vice principal from Valley Christian Junior High. We're here today to talk about the achievements of these two schools. I know you've seen me here celebrating the individual achievements of students in San José when they participate in the Intel science competition, also known as the mini Nobel prizes for high schools kids. But what we have this time is honoring the schools. Intel has a competition of all schools nationwide. I'm going to tell you a little bit about that. They honor schools that demonstrate excellence in math and science education through innovative teaching and learning environments. Just to be considered for this prestigious honor schools must develop an environment and curriculum that exceeds national mathematics and science standards. Up to three schools are named as finalists in math and three schools are named as finalists in science for each level of

education, elementary, middle and high school, nationwide. Of these six finalists -- of these finalists nationwide, six schools are named as winners with one being selected as the star innovator for the nation. On September 21st in Washington, D.C., Lynbrook High School and Valley Christian High School were both chosen as Intel schools of distinction. So we have two of the top schools in the nation and we are the only city to be able to boast that we had two of the winners from this competition. And on top of that, Valley Christian was selected as the star innovator. The most innovative school in the nation in this competition. It's -- we are so proud of our schools here in San José. I want to tell you a little bit about each of their schools and then we'll present them with their commendations from the city. In Lynbrook their science program, that has been the subject of many conversations here, because of the achievements their students have made. Students are encouraged to delve into science through opportunities within and beyond the classroom, and are given ample research time and hands on opportunities to grapple with real life situations and questions as they explore solutions and provide explanations honing their critical thinking and problem solving skills. This is a great honor for Lynbrook high school at the Fremont Union High School District and really a tribute to all of its teachers and the administration who really support these programs. Valley Christian Junior High received the highest honor by being chosen as the star innovator, as I mentioned, in the category of mathematics. At Valley Christian students are taught using inverted learning method. This is where students watch pre-recorded webcasts of lessons as homework, and then use the class time for practice, kind of opposite of what most of our schools do. The effects of this method include increased student engagement, increased retention, and utilization of multiple forms of personalized learning through individual work, pair share and group work, and of course the one on one teacher-student interactions. So please join me in recognizing both of these fine schools in San José for their contribution to our children. [applause]

>> Councilmember Constant: So we have a commendation for each. So we'll each give one and then we're going to have one representative from each school speak. So I believe we're going to have Gail, right? Gail is going to speak. Gail is the principal for Lynbrook high school.

>> Oh, on behalf of all our community we certainly thank the mayor, and all the councilmembers and our own Pete Constant for this great honor. Lynbrook is quite an exceptional school that we're proud of, as a

community. We are a national blue ribbon school and a California school of distinct. Ranked in the top 10 in the state and the top 100 in the country. But I think this year it was quite a thrill to be in Washington, D.C. and be amongst these outstanding schools such as valley Christian and be recognized as a school of distinction. I think when we talk about it, it is a school of distinction, that is the school and the district and our entire community. We know we're here in the heart of Silicon Valley and we're proud of really students who absolutely love and are inspired by the learning that takes place in science. I think it is truly student learning. It's the kind of learning students are involved with, deep learning, we've gone from 2003 where there was one student doing a research project, to this year, I think over 70 are involved in significant research. It's teaching excellence. It is absolutely our teachers who are passionate about it, who are giving them the wow of science, and dedicating their own personal time to mentor them and inspire them. And it is absolutely if supportive environment that's created by parents who believe in schools, our district, who is creative in times of tough financial times to make sure that we are supported, and our greater community in San José. It is our great honor to receive this commendation and we want to say thank you to all the councilmembers. [applause]

>> Councilmember Constant: Thank you. And now we'll have Dr. Clifford Daugrey from valley Christian speak.

>> What a privilege to be here in the capital of Silicon Valley, and we're pleased to represent the Silicon Valley and all the achievements that are accomplished here. We believe that it's the passion of Silicon Valley that allows the quest for excellence at valley Christian schools to be realized every day in the classroom. When we heard that we were a finalist for the Intel award we were amazed. Because there are 2400 schools that begin this application each year. And then when we realized that we were actually selected as the innovator school in math for junior high, we were absolutely stunned. And then when we discovered, beyond our belief, that we were chosen as the star innovator school for all elementary junior high and high schools in the nation. We were in absolute awe, and we are still in that state of awe. This would not be possible without the support of our city council that's been a partner in the development of our school, the mayor, and all of the city council members that over time have served our district and, of course, including Ash Kalra, who currently has been very supportive of recent developments. We are amazed at some of the things that are hang as a result of the support that we received from people in various innovative corporations and projects throughout our community. Because of this support

we were last year in the high school able to put up the first science experiment on the international space station of any high school in the world. This year, we were able to put up and have established a satellite tracking station that is on the roof of our school. We were able to be the first school in the nation, high school, and is also involved in the junior high for atomic force microscopy, two atomic force microscopes. And the -- this next year we are scheduled working with NASA and other groups to put up the first satellite that will be put up by a high school in the world. And so we're looking forward to all of this because we believe that it is the community as a whole that makes this possible and we're deeply indebted to mayor Chuck Reed and the entire city council and the community for all the support we have received. Thank you very much.

>> Councilmember Constant: So how many of you feel like you're underachievers in school like me?

>> Mayor Reed: I want to invite Councilmember Liccardo and our executive director of the SJB child development center Kent Williams to join me at the podium.

>> Councilmember Liccardo: Thank you, mayor and good afternoon. It's my great pleasure to be here with a giant in educational child development, Kent Williams, who is the executive director and CEO of SJB child development centers. They have, in 26 programs, in 11 sites throughout the city, they're providing childcare and comprehensive services to families throughout the city and throughout the region. We're here because they're celebrating their 40th anniversary. 40 years ago before Kent or I were born I'm sure they were San Juan Bautista child development centers. What is so great about this organization is who they serve and how they serve them. They serve-d 95% of the families they serve and their kids are low and moderate income. They are serving the need where it is the greatest. And the kinds of services they provide are truly innovative, in the way that they support the whole family, the comprehensive approach includes parent workshops and workforce development, financial management, school readiness, healthy living and obesity prevention, fatherhood and male involvement programs to prepare both the children and their families for success later in life. They are certainly on their way to becoming the leading childcare and family enrichment provider in the county. Although their focus is on the kids, their mission is really much broader. To help the parents establish financial independence by creating a safe place where they can bring their children while they work and to break the cycle of poverty in our community. At a

time like this, this is a great opportunity for us to honor some champions in our own community. Kent, thank you for your extraordinary work. [applause]

>> On behalf of the children families and staff of SJB, it is a privilege and pleasure to accept this commendation from Councilmember Liccardo and the entire San José city council. I would like to also acknowledge Mayor Reed for his leadership in San José 2020, in trying to attack the achievement gap here in our community, and I want you to know that SJB is prepared and positioned to help make a dent in that by making sure children are ready for consume when they enter kindergarten. So thank you so much, and it's a pleasure to also, as Councilmember Liccardo mentioned, not only are we positioned now to help children from birth to 12, but also, we understand that children don't live in the community by themselves. And it's our charge now to make sure that the families of those children are also school-ready so that they understand their position as an advocate and lifelong learning primary teacher for their children and families. So thank you very much. [applause]

>> Mayor Reed: We're now going to take up the joint city Diridon development area authority matter. So we'll call the authority together. We have a quorum. Councilmember Liccardo is out of the room. He'll be back I'm sure on this. So the first agenda item or actions related to the sale of property, athletics investment group LLC. I have a couple of comments I'd like to start with. Sometimes I have to fall back on my career as a real estate lawyer to explain what's going on in any real estate transaction, people want to know what's in it for me? What do I got to put in the deal, what do I got to take out of the deal? Certainly opportunities to get a major league baseball team don't come to a city very often. And this is a huge opportunity for the City of San José that we have been pursuing through many years over multiple mayors. Hopefully, we'll have it done before the next mayor takes office but there's no guarantee. It's a huge opportunity and it's also difficult to do. So the baseball fans in the audience and in the community, of course, think this is about baseball. But it's not necessarily just about baseball. And so I pose the question, what's in it for San José? And I'll let everybody pick what they think is important in the transaction for San José. And that's in the category of, what do we get out of it for San José? Yes, we're going to put some land in. Into the transaction. We'll get \$7 million if this option is exercised. But if we get a stadium built, with \$500 million, give or take a few bucks, of private-sector investment, and \$86 million a year of spending on a stadium, we get \$1.5 million for General Fund revenues, and you all know how important General Fund revenues are, and

this is an opportunity to turn an asset that's generating nothing for the General Fund into an asset that generates \$1.5 million for the General Fund. Another \$1.7 million per year for Redevelopment Agency and the housing program. Another couple of million dollars a year for Santa Clara County, the Water District, schools, in the way of tax revenues. And then some of you may care about jobs, and I know a lot of people in this community care about jobs. 350 new construction jobs, and about a thousand permanent new jobs. So there's something in this list that I think is of great value to different people and people may view the transaction different as to why it's important. But in some, it's hugely important to the City of San José for revenues and jobs. We need both of those. We desperately need them. And you can do the math yourself, or there's a handy little chart at the bottom of this slide that multiplies all this out basically over a 30 year time period. This facility, this stadium would probably be good for at least 50 years if not 100. You can pick whatever number you want to multiply by or you could look at the annual revenues to the city. I think any way you view it it's a good deal for San José. And that's the important thing for us to keep in mind. Now today we're only talking about an option. We're proposing to sell an option to the A's if they wish to buy it for \$50,000 for two years. That's \$50,000 we get to keep whether or not they exercise it. But an option is not a completed deal. We don't know what the final transaction might look like, what the ballpark might look like. All we know is we have land and we're going to exercise this option. But we do know based on council direction, what the principles are for ultimately a final transaction, with the A's organization. Because the council has adopted negotiating principles. Not once, not twice, but three times. The council's approved these negotiating principles starting in May of 2009. These are the principles in which the transaction will be put together. They are part of the option agreement so they acquire the land they are going to take it with these principles in mind because this will frame the way the ballpark is built and operated. And the public benefit and the fact that no new taxes are going to be imposed to fund it. Has to have a positive impact on our General Fund. I think \$1.5 million a year is pretty good deal. We're not going to spend public dollars to finance or reimburse the cost associated with the construction. We're not going to spend public dollars to reimburse the ballpark operator for maintenance costs or losses they might suffer. We're not going to spend public finances to pay for the cost of traffic control and things around the ballpark when it's in operation. And if they want to do something else on the site, of course, they're going to have to comply with the terms. And the terms are only a ballpark. That's the way the option is structured. So we're doing this deal for a ballpark. But we do know one thing: The name of the baseball team must include San José. Because otherwise, you know, we're just not

interested. But that's not a problem. The A's will be happy to move to San José, and happy to call themselves the San José A's or the A's of San José I guess I don't really care. But with that that's the framework for going forward but today is not the day we know the final, final, final of the deal. We still have many hurdles to jump and things that have to be done, not the least of which is major league baseball's permission which we hope will be forthcoming between now and January but we've been hoping that for a long time. As I mentioned earlier I'm the second mayor that's worked on this project. And I just hope I'm the last mayor that has to work on it. And that the next mayor will be throwing out the first pitch at a game. Sometime soon. So with that I want to turn it over to the staff for a presentation with some more details on what's in front of us today.

>> Kim Walesh: Good afternoon Mayor Reed and members of the council. I'm Kim Walesh director of development and chief strategist. I'm here with assistant City Manager Ed Shikada and other members of our team. We'd like to make a brief presentation that shares some important background information and further describes the recommended terms of the option agreement. Since 2009, city council has taken multiple actions to affirm support of the A's move to San José. The action recommended today for the Diridon development authority board continues down this path. If major league baseball gives San José the opportunity to host the A's many more steps will need to play out and many more actions will be taken by this council. Staff believes that this action today sends a strong signal that San José is determined and wants the chance to be in the game. The key guiding principle number 2, on the list that Mayor Reed put up there, adopted in council, said that the stadium must generate significant economic benefit to San José and have a positive impact on San José's General Fund. I think the mayor's graphic did a terrific job of articulating that anticipated economic impact. But I just want to make a few more points about impact that I think are important. First, those impact numbers came from an economic impact analysis commissioned in September of 2009 that was completed by CSL and also reviewed by Keyser Marston. I just want everyone to note that the methodology used in that impact analysis is consistent with city council's approved methodology for measuring economic impact. It's the same methodology that we've used for special events and other downtown attractions. And this methodology is very, very conservative in that it only counts as economic impact, the spending of visitors from outside of San José who come to our city for the express purpose of going to the ballpark. So as a result, those economic impact numbers are really only counting the spending of about 50% of the visitors to the ballpark. So my point is that even so, with this very conservative

methodology, a ballpark clearly generates significant economic impact to the community and fiscal benefit to San José. Just another side point I feel compelled to make. Just to put a baseball project in context with another stadium project in the South Bay region, a downtown baseball stadium in San José is projected to have three times the economic impact of the NFL stadium in Santa Clara. So both projects are clearly terrific for our region. But the baseball stadium has a strong relative impact. So in addition to the fiscal and economic impacts the stadium will clearly have an important catalytic impact. I think we all know the ballpark project will be a catalyst to expedite and accelerate development of the land between the ballpark and the HP pavilion and the transit station in line with the council-approved Diridon area plan. We think it's also important to note that it's been a very common tool locally and nationally to buy properties and then sell them at a lower price in order to encourage certain kinds of projection to happen in order to catalyze development and in order to generate jobs, revenues and public benefit. And we have many examples of projects completed very successfully in this vein that have catalyzed development. Although the economic impact for the ball park is inherently an estimate, we absolutely know the clear economic impact that the HP pavilion has had on downtown businesses and San José economy. Again using our conservative methodology we know over a 17-year period the HP pavilion has brought over \$1.7 billion in economic impact to our community, \$60 million to the General Fund, that's about \$3.5 million annually, and supported the equivalent of 5,000 new jobs. So we have in our community a clear example of economic impact. And of course across the country, there are many examples of stadiums that have catalyzed development around them. This catalytic effect of a stadium accelerating development in the surrounding area increases the overall impact associated with the development of a ballpark. Those are just a few key words about how to think about the potential impact, exciting impact of a ballpark on the city and the community.

>> Ed Shikada: Thank you, Kim. Wins again Ed Shikada, assistant City Manager. Let me just proceed and hit a few high points of the proposed action in front of you this afternoon. Most of this information is in the staff report so I'll just hit a few highlights. Mayor pointed out some of the chronology that has led us to this point here today. In addition to the key dates that are listed on the slide, I would like to note that in March of this year, the city council, and Redevelopment Agency, created the San José Diridon development authority, which was specifically structured to facilitate the development of the parcels in this area. And so the action before you today, being a significant step in that, as both the mayor and Kim pointed out, significant journey, leading to our ballpark. The

concurrent with the dates that are shown here would be to note that there have been actions taken at the state level that have created significant uncertainty in terms of the future uses of redevelopment properties. So given that the actions here before you would proceed in the realization of that vision for Diridon. So just a quick overview on the parcels that are a part of the action agreement being the ones shown here in red. Key take away from this graphic being that these are pieces of the puzzle. Key pieces of the puzzle but obviously not all of the pieces of the puzzle necessary in order to develop a major league ballpark at this location. Notably there are a number of blue parcels shown here which are in private hands as well as the somewhat translucent sections which are street right-of-way which would also need to be assembled in order to proceed with this or any other major development on this property. Just a quick recap in terms of some of the key terms of the option agreement. You see the financial term of the \$50,000 with the two year option with a potential for an additional third year. Also that these payments no -- being nonrefundable, also notable that the property is restricted to a major league baseball stadium use and ancillary uses. So should that baseball project not proceed, the property would revert to the Diridon development authority. Just a quick recap of some of the key figures. The acquisition cost that was expended by the Redevelopment Agency in roughly the 2006-2008 time frame, at over \$25 million, the appraisal that was commissioned by the agency in September of last year estimating a highest and best use of \$13.97 million and the fair reuse value that was established by virtue again of the appraisal, but also subject to the independent analysis required under state law and that had been -- has been appended to your staff report in order to validate the values established. Just a couple of key considerations noted to the valuation. Since the properties were required using Redevelopment Agency funds and recognizing the establishment of the Diridon development authority, the proceeds are recommended to go to the Redevelopment Agency as consideration for the transfer of the properties to the authority, also recognizing where we are in the market, the Real Estate market, that there is really no anticipation of near-term development interest within this area. Also notable, as you would see in the appraisal itself, the appraised value being based open an assumption of the assembly -- assemblage of the properties and being available for development as a single unified site which once again we simply have at this point pieces of the puzzle. So simply a recap of the actions before the board this afternoon. First is to affirm the prior communicated support, the guiding principles and prior actions leading to the development of major league baseball stadium. Also to authorize the sale of the properties. As I noted, purchased by the Redevelopment Agency and, in order to make related findings that are reflected in what is referred to as

the 33433 report attached to your staff report, also approval of the option agreement and designation of the proceeds to go back to the agency, and a number of related budget actions. So with that, Mr. Mayor, members of the council, development authority board, we're prepared to respond to any questions.

>> Mayor Reed: Thank you. Before we take any questions, I would like to take the public comments, and we'll come back with questions at that time. We have a few people who want to speak. Please come on down when I call your name so you're close to the microphone. Michael Mulcahy, Matt Mayhood, Noah Clark.

>> Good afternoon, Mr. Mayor, city council. My name is Michael Mulcahy, I'm co-chair of baseball San José, the grass roots organization supporting the effort to bring the A's to San José. My co-chair, former mayor Susan Hammer, and I applaud your efforts. Make no mistake, this is a big-city opportunity, one that requires creativity and flexibility, and we are proud of the mayor and city council as you've stayed United and continued to find ways to keep San José in play. When the first pitch is thrown, it will be your efforts that made it happen for San José. Today is the next step. You'll consider an important move to secure many future benefits for our community. Including hundreds of jobs and millions in new General Fund revenue. By approving an option for the purchase of property to a private investment group for a downtown ballpark, the sale option to the athletics ownership group will send yet another powerful message that San José continues to be vigilant in its effort to attract the team. Your action will further prepare San José for the day when Mr. Selig and major league baseball finally sees the light and approves the move for the A's to San José to the Bay Area's biggest city. Let's be clear about three points: If no ballpark gets built San José will still own the property. Two, the land would be purchased at a fair market price with private private funds in exchange for a \$500 million investment to build a ballpark in our community. The economic impact of a privately built ballpark is substantial. Mayor and council, thank you for your big-picture leadership here today.

>> Mayor Reed: Matt Mayhood Noah Clark, Bob Sipple.

>> Good afternoon, Mr. Mayor, member of the council, city staff. Matt Mayhood, president and CEO of the San José Silicon Valley Chamber. This is my first time before this body and I'm happy to be here today. I'm here to

support and encourage you to take action today to improve the option for the purchase of city property to the private investment group for the construction of a new downtown ballpark. I view this step that you'll take today is critical in a very long and complicated process. For the foreseeable future this is the best and highest use of this land. There is no new big retail project or no new big office project development in the horizon for this area. You have the opportunity to create a catalytic project here with a downtown ballpark that will spur private investment over and over again. We've seen it in other large cities across this country. The potential for the City of San José stand Silicon Valley region to have four major league professional franchises in this valley is significant. Hockey, football, soccer, and baseball. This helps this community, this city, build a brand, and improves the quality of life that further drives economic development. The investment that you're making today is an investment in economic development. And once this project gets going, you're going to create a hundred -- hundreds of jobs initially with construction and thousands of jobs in the city and across this region from the spinoffs of the economic development effects. This is a project not about baseball. But it's about economic development, and about creating jobs, at a time when this valley and this community needs that growth and that opportunity. So I support your approval of the baseball site option agreement and I strongly support your courage in moving this forward. Thank you very much.

>> Mayor Reed: Noah Clark, Bob Sipple, Randy Kinman.

>> Hello. Honorable members of the city council and Diridon Development Authority Board. My name is Noah Clark and I'm with the law firm Pillsbury, Winthrop, Shaw, Pittman. We are here today on behalf of Stand for San José. For the record we are submitting further comments on behalf of Stand for San José with respect to the inadequacies of the final environmental impact report and supplemental environmental impact report for the baseball stadium and the Diridon arena area. We have previously submitted comments on behalf of Stand for San José on the inadequacies of the final EIR and SEIR including our comment letters dated March 29th, 2010, and May 19th, 2010. Now that the city council and the Diridon development authority are for the first time proposing to take action acknowledge in reliance on these environmental documents we are submitting additional comments on the inadequacies of the FEIR and SEIR resulting from changed circumstances that have since arisen since the SEIR's preparation. These changed circumstances further render this EIR and SEIR inquad for CEQA

purposes and therefore cannot be relied on for the proposed actions contemplated for today's hearing. Please include this comment letter in the records of the proceedings related to the item. I have brought copies for the clerk and each of you and additional copies for anyone that may need them. Thank you.

>> Mayor Reed: Bob Sipple, Randy tinman, Sawyer.

>> Good afternoon, mayor and council, my name is Bob Sipple, I'm a neighborhood leader and president of the Rose Garden neighborhood preservation association. I really don't have anything prepared because I blew in from San Francisco today, but I do want to say this: While I did learn a few things today that I didn't realize I still have to say I'm a little cautious about doing this today and I tell you why. I work on a really simplistic level. When you have money, you spend money. When you don't have money, you don't spend money. And while this looks good on paper, what I have to say is the city has been buying, spending and doing things on paper for as long as I've been a citizen, which is 35-plus years. And look at the condition of your finances now. So I'd have to say that while you're laying off public safety officials, you're reducing the income of even yourself and many of the employees, that perhaps this is not the move because it's all based on paper not actuality. Thank you.

>> Mayor Reed: Randy kinman, Tom Sawyer, Mark Morrie.

>> Thank you, mayor and city council. In case my voice gives out you've got a letter coming your way. Before we proposed a land sale or option we need to ensure that the voters have a say on whether or not they want to use public funds in this manner. And we haven't done that. I'm currently the chair of the Burbank Del Monte NAC, and this property is in that zone, a zone that was declared blighted by the City of San José, an improvement plan was developed and adopted by the city council. We've watched as capital improvements, gang suppression, code enforcement, parks, and other components disappeared off the to-do list but there was no money. But RDA found the money to buy this land. We were told it wasn't for baseball, because it's against the law to purchase land for a sports team that's not approved by voters. It was land banking. If this is a message that we're sending to MLB I'm kind of curious as to what that message is because we figured out that this option doesn't guarantee a land sale and that means MLB can figure that out. So the message is mixed at best. For the voters have a right and an

obligation to weigh in on the sale of public land. You can short-sale a property that's residential but you can't short-sale bonded public land. The residents of San José are still on the hook for mortgage or bond payments. You can't argue for fiscal responsibility and then kick this can down the road. This isn't about being for or against baseball, it is about taking steps in the right order to ensure public participation and fiscal responsibility. My neighbor says he will be the first out there camping overnight for tickets when MLB comes to town, and I'll be right there with him. But I don't approve of this being taken care of in this manner.

>> Mayor Reed: Tom Sawyer, Mark Morry, John May Reger.

>> Mayor, city council, Tom Sawyer. I lived in the city for a few years, and what I'm -- what I'd like to say today if can I get my tongue from getting all tangled up, is that this is like bullwinkle and pulling another one out of the hat. How many times now have we gone on this vibrancy issue of if we build it, they will come? This is yet another attempt, and here are some earlier ones. All of these are going to generate great vibrancy, jobs, money and revenue. So far the Redevelopment Agency spent about \$2 billion on Downtown San José and we're still not vibrant. If we throw in City Hall it's about \$2.5 million and we're still not vibrant. Sports? Yeah on game day, the got a big crowd around the stadium. The other 75% of the time there's nobody there. This is the AT&T stadium, on a beautiful day. There are three joggers in sight. The pavilion, again nobody there and I've left out the photographs of the people that normally sleep around the park while there's nobody there. In fact at night these places can be a little on the deadly side. What I'd like to say is once again we're making the wrong choice, wrong priorities. Sports don't sell cities, particularly in today's time when I look around and find people playing cricket rather than baseball. What sells cities are livable neighborhoods with parks we can walk to, cafes we can enjoy. Not the big picture where everybody rushes down tries to find parking goes to an event and then disappears. So after we've spent all of this money, are you going to ask for a parcel tax to fix my roads? [applause]

>> Mayor Reed: Mark Morris, John May Reger, Carey Hamilton.

>> Good afternoon, I'm Mark Morris from better sense San José. There are many things to be said about this option agreement to sell this land. It's just a bad deal from first to last. There's no benefits to San José to sell it now. It really amounts to a self-imposed distress sale. I'll just touch on three things. First at a high level. In the summary report we learned that the Colliers analysis said that the property is worth twice as much if it's used as something other than a stadium. That's because the stadium is not the most productive use of this land. That means the stadium would be a long term significant loss to the city that we'll suffer for 40 years. Alternate use brings in potentially twice as much tax revenue, four times as much economic activity. Even if you delay it to expect the economy to recover. You can no longer afford this kind of give away. We must start to think differently. Second, jobs. We've heard a lot of it. Ignore the thousands of jobs spin coming from the stadium supporters, look at the facts, compare apples to apples. The CSL report if you read it say the stadium will generate just 138 direct jobs. And those are low paying part time jobs, that's pathetic. Is that the best we can aspire to for the next 48 years? I hope not. CSL's report also says that a good economic use would have 4,000 jobs in an office environment. Those are good, permanent, high paying, full time jobs. Aren't 4,000 jobs better than 138 jobs? I think so. Accepting this mediocre job strategy would be a terrible mistake. We can and should do better. Third thing, we've heard a little bit about the catalyst effect, so-called catalyst effect. Take a look. There have been many, many more failed stadiums that didn't catalyze anything. St. Louis, Washington, Detroit, Oakland even as an example. Why is San José not going to be a failure? You must ask yourself that question. So to conclude, don't approve this agreement now. Open up the bidding process on this land with no restraints on how the land is used.

>> Mayor Reed: Sorry your time is up.

>> And let's see what kind of bids we get, thank you.

>> Mayor Reed: John May Reger, Kerrie Hamilton,.

>> Good afternoon am my name is John Max Reger, city employee 19 years, environmental inspector, I've taken ten hours of vacation leave to be here today. Few points. Point number one. An inquiry was made to Bud Selig

commissioner of baseball around 2009. As far as I know, you haven't heard back from him. Point number 2: San Francisco giants have vowed to keep this area. You're in their territory. Point number 3, you will provide an offer to the Oakland A's, the City of Oakland will go to the Oakland A's and say well, the City of San José offered you this, we'll offer you this plus that. Item 4, we're \$72 million shortfall this year so far, and probably going to increase on that. Point five: Money could be better spent elsewhere. The citizens of San José would be better served with libraries, community services, community centers, more people could use that. Not everyone can afford to go to a baseball game. Point 6. The land is valid at 25.2 million, and you're offering it to a millionaire for 6.98 million. You are taking a financial hit and want to claim a financial emergency. It just doesn't make sense. I don't recommend pursuing this at this time. We don't have the money for it. Thank you.

>> Mayor Reed: Kerrie Hamilton, followed by Neil Struthers and Scott Knies.

>> Good afternoon, mayor and council, most of my questions were answered before but I just had one more question and that is, will this option restrict any restructuring of debt on this land? Because I think the city needs to look at debt restructuring as well as the Redevelopment Agency on a broad scale. And that's the only question I had left. Thank you.

>> Mayor Reed: Neil Struthers, Scott Knies.

>> Good afternoon, honorable mayor, city council, Neil Struthers, head of the building trades council, representing tens of thousands of unemployed and underemployed workers and their families in this economy. Today we support the staff recommendation to enter into a purchase option with the Oakland athletics for the ballpark property. For a number of reasons. One: The action is clearly consistent with the agency's goals. It's consistent with the authority's goals. It's consistent with the city council's vision. And it's clearly consistent with the desire to put people back to work. Additionally, the opportunity to leverage a half a billion dollars of private capital in this economy doesn't happen very often, doesn't happen in San José very often. Doesn't happen anywhere very often. I urge you to take advantage of the situation. And you have our support of the building trades and the tens of thousands of unemployed workers in this community that need to go to work. Thank you.

>> Mayor Reed: Scott Knies is our last speaker.

>> Good afternoon, mayor, members of the city council, Scott Knies, San José downtown association. I know I've said this before but the Diridon area ballpark reminds me of lower downtown Denver in the early '90s kind of the other side of the track, the so-called LODO area of Denver was a pit back then that completely was transformed by Kears field. And I think our catalytic project that you are moving forward today is more akin to that or what happened in San Diego, what happened in Phoenix, and we really only have to go 50 miles north to see what happened in China basin and mission bay which used to be Pac Bell park, AT&T park these days. You're on the right move. I think you're going to put another pebble in the scale. Is this going to tip it and help Bud Selig make up his mind? Who knows. I think it's important for our friends in the neighborhoods to realize that this is just an option. The option will only be exercised if it's a ballpark and there will be a vote. We're going to have to take this out to election for the people of San José to really be the ultimate deciders of this. We look forward to doing that. Thank you.

>> Mayor Reed: That concludes the public testimony. I wanted to see if staff had any additional comments or clarifications, et cetera, et cetera. Okay then I'm sure councilmembers will have some comments and questions. I'd just like to point out that we have about six resolutions that are on the agenda that when we get around to getting a motion we make sure we get an omnibus motion or cover all of them, in whatever people need to do. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you mayor. I'm going to make an effort to put a motion together, approving the staff recommendation and all of the resolutions that are incorporated within that resolution and additionally, clarifying if this option is exercised as we hope it will be, the council will fully comply with both the spirit and the letter of the Municipal Code provision mandating a vote of the electorate, to approve any participation by the city, and building a sports facility using tax dollars. That would be the motion.

>> Councilmember Herrera: Second.

>> Mayor Reed: Thank you. We have a motion on the floor. I have a question. On the motion, in the memorandum that is dated November 4th, there's also a --

>> Councilmember Liccardo: Yes.

>> Mayor Reed: -- recommendation to direct the transfer of funds from the sale of property to the San José Redevelopment Agency.

>> Councilmember Liccardo: Thank you mayor.

>> Mayor Reed: I want to make sure that is included in the resolution.

>> Councilmember Liccardo: It is included, and thank you for reminding me. The additional items that are included within the recommendation, the memorandum dated november 4th would be incorporated as well, with regard to the transfer of funds as well as reaffirming all other resolutions adopted by the city council including the abiding principles.

>> Mayor Reed: All right, and of course in the resolutions there's a CEQA resolution, because there are findings, but that was -- on the agenda that is the last resolution, so those are all included. So we've got an omnibus motion, I guess. Councilmember Liccardo would you like to speak on it?

>> Councilmember Liccardo: I would.

>> Mayor Reed: I've got people waving at me from over there. Who wants to go first, lawyers? Lawyers go last.

>> Renee Gurza: Thank you. Renee Gurza with the City Attorney's office, together with Laurel Prevetti, on behalf of the director of planning. One of the speakers this afternoon alleged inadequacies with the EIR, and so although

it is a 65-plus-page letter and we just received it, Laurel and I have done our best to scan through it, knowing what we know about the environmental impact report, together with the supplemental environmental impact report that was performed. And so the two of us simply wanted to try and address, albeit again we just received the letter and it's quite voluminous. I would like to note that with regard to the actual sales price that that is not going to impact the physical environment although there are allegations that somehow deeply discounting the property would. Again, there are several conclusory statements that are contained in the letter that are not supported by analysis. And in fact we did receive comments letters from this law firm and responded on two occasions. So I just wanted to note that there are several statements that the EIR is inadequate but it is failed -- there is a failure to support it with actual facts to explain how there are many conclusory statements. One of the items, it notes that there's a victory court ballpark that is possibly proposed in the City of Oakland and that that should be considered as an alternative site that may reduce impacts. Well obviously our main policy objective is to bring a ballpark in San José. Allowing one in Oakland does not really meet the policy objectives for why we analysed the project in the first place. I don't know what the planning director would like to add. We've done our best to review what was just given to us, thank you.

>> Laurel Prevetti: We just also want to acknowledge for the record that within your packet is the CEQA resolution that identifies potential impacts, feasible mitigation, and findings, as well as the statement of override. So this resolution does disclose for you our council what the potential impacts are and how they are attempted to be resolved. So we believe we have in fact followed the letter and the spirit of CEQA with this process.

>> Mayor Reed: I think we'll go on here for a while. So if you need to come back later with any additional comments on that letter we can certainly do that. Councilmember Liccardo.

>> Councilmember Liccardo: For purposes of the motion would you like me to incorporate your comments that is that council has approved those responses to challenge that's been raised?

>> Laurel Prevetti: Yes, thank you.

>> Councilmember Liccardo: That's also included in the motion.

>> Mayor Reed: Is that's a slight modification to the motion, is that approved?

>> Councilmember Liccardo: Yes.

>> Mayor Reed: Statements.

>> Councilmember Liccardo: We certainly appreciate the council joining us from San Francisco, down 101, and we certain hope that Pillsbury is looking to relocate at some point in the largest city in the region, they will open an office here in San José as well. You know, what stands before us now is an extraordinary opportunity for half a billion dollars of private investment and there's certainly always reasons to reconsider in any deal. And times like this, certainly, can leave us mired in indecision and reevaluating every potential deal knowing that every dollar counts. And I think we all appreciate that. But finding a developer willing to build much of anything, I think, as Matt Mahood pointed out quite clearly, to build much of anything in this city is quite challenging. And the truth is, trying to get an office tower out of the ground at a time when we have over 25% vacancy, is a long stretch, it hasn't happened in several years and it won't happen in several years until that vacancy is full. So we can continue to sit around and wait and hope for whatever imaginary highest and best use might exist or we can certainly seize an extraordinary opportunity of half a billion of private investment that lies before us today. But at a time when we are mired in 10% unemployment and quite a bit higher than that in many of the neighborhoods I represent, doing something catalytic and transformative seems imminently preferable to doing nothing. And for that reason I'm very proud of the leadership that you're city has shown certainly all my colleagues and the mayor in pushing forward with this initiative. Thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. I wholeheartedly agree with everything Sam says. Said today, not says, as in always, Sam. But you know, we often hear a varietal of different arguments about why we should and shouldn't be do things and I wanted to address some of those in addition to Sam's comments. We had speakers today tell us that we should be using this money filling potholes, trimming our park grass, rehiring police officers, opening libraries, and if we could use money like this to do that, I think there's -- I could probably say every single one of us would vote to do that, because we all know the extreme difficulty that's being faced by our staff in providing services to our residents in the City of San José and the angst that not getting those services is causing to our residents. We can hear experts argue back and forth on whether stadium developments, arenas, sports facilities of any sorts will generate economic impact or not. But all we have to do is look down the street at the arena to see that we had the same arguments facing prior councils here on whether we should invest as a city in an arena which passed the voters, by the voters by just a slim margin yet you can speak to anyone on the street today and every single person said they voted for it because it was such a great project. And we can see that it not only brought a great team and great activity to that parcel right there, just down the street, but it also had an incredible impact in both directions going down Santa Clara street in one direction and the Alameda in the other direction. We know that in San José, we have had a very positive impact, because of the HP arena. We also know that the image that the San José sharks have brought to our city has been very positive. As you travel around the nation, people coast to coast know who the San José sharks are and people identify directly with sports teams. And when we bring another sports team here, the San José A's, which will be here soon, I hope. We will get the same positive image and branding across the nation for the City of San José. We know that our General Fund budget stinks and it's getting worse by the day. I guess that's the nicest way you can put it. Every time we get an update it looks more negative and more negative. We have to look at both the short term and the long term when we are making decisions here, and we could just imagine what our general fund would look like today if the arena hadn't been built, and that economic impact that we know occurred in our city hadn't occurred. We know that we would have less money in our general fund to provide for those essentially services. We know by makings an investment today to on the General Fund in the future. We will bring not only the sales tax that comes from the economic activity in the area but the property taxes from the improvements that are made not only on this site but all the other investment that goes around will bring money to the City of San José. It will be money that is reinvested in our economy, money that will pride those basic services that I, all of my

neighbors, and people from border to border in the City of San José are asking us to bring back for the residents of San José. So I just encourage everybody, all my colleagues here to keep focused on the long term and the investment we're making in our future, and I hope that all of you are there with me on opening day when we watch the San José A's start playing baseball in San José.

>> Mayor Reed: Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you. I don't think I have much to add except I agree with everything that's been said so far. Obviously if we have a ballpark in San José, it will just elevate not just our ability to market our city on a global scale, but our ability to brand our city on a global scale, and also the ability to elevate the status of our city as a major metropolitan city in the country. And so -- and then of course the economic benefits, that has been said. The only concern I have, just reading through memo, which a lot of the constituents have raised in the past couple weeks, is on page 5, it says as a condition of AIG's exercise of the option, the option agreement provides that the authority may require a majority vote of the voters of San José, et cetera. So I guess my only question is, if everything goes right, and we fulfilled all the requirements to build this ballpark, do we need to take this project to the public for a final say?

>> Mayor Reed: Well, I think the motion contemplates we will. Whether or not we have to. And that's -- I think the question is, do we really have to, and I guess that's an interesting question, contemplating with the motion.

>> City Attorney Doyle: Vice Mayor, I have said that I envisioned there will be a vote. I take that motion from Councilmember Liccardo as indicating that as well. The reason it's phrased in that way, is ultimately, if the city council calls to whether or not to call an election, and only the city council can make that call. So at the appropriate time the council will have to make that final decision.

>> Councilmember Nguyen: Okay. So that clarifies a little bit. I guess my position is that this is a project I totally support. But if the time comes and we decided that we're not going to take into consideration going to the public for a final vote, then it would be something that I really would reconsider. Because I think that a project of this

magnitude, we really need the public to weight in, because obviously this is going to affect the entire city, and not just the 11 of us. And you know what could potentially could be positive or negative for the city of San José, and just listening to some of the comments that we heard today and some of the previous comments, I think that the public should have a final say in regards to this project, thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you mayor. I think both Matt Mayhood and Neil Struthers, I want to commend them for coming here today. We had the chamber of commerce and we had building trades, both coming here saying, supporting this project. Matt talked about vision, Neil talked about jobs. And I think it's really significant, when we have a half a billion dollars, and I think Neil focused on that, potentially coming into this community. I think it's really, really a tremendous opportunity. And these are the times when we have to have the vision to look towards the future. Even though we're struggling with all these difficulties right now, it seems almost too much to even think about, that we will be beyond this. But some day we will. And this is the kind of decision that we'll look back on and say it was one of those important steps towards achieving it. I don't know what the future holds in terms of all the decisions that are going to have to be made but I know this is one step closer to making it a reality. And so I heartily support this motion.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. I'm going to echo a lot of the comments just made. I will be supporting this motion. And I especially appreciate the comments that were made by Neil Struthers, Matthew Mayhood and Michael Mulcahy. They said it the best so far in my mind. The upside of this effort in my opinion dwarfs the investment on our part. The majority of the risk in the investment lies with AIG, and for that I am actually gratefully. Councilmember Liccardo spoke to it well when he talked about a willingness for folks to develop in San José and take that risk, and this is a significant risk. And I very much appreciate it. I do have a question on the negotiating principles. And I notice the mention to make the ballpark available for up to ten community related events. I think this is great for our city and our residents. I wasn't here on the council when

these negotiating principles were adopted. I'd be interested in asking a question about it. I may be potentially asking for an amendment to the motion. But my interest here is for also community use beyond just these listed. We have an arrangement with the San José arena authority and it allows the use of the city suite for residents for community related recognition. And I think the value there is so high, the opportunity for some of the residents in our community to experience any event at the arena that they may never have had the opportunity to experience, is a value that I can't put dollars on. And I would like to see us look to maybe achieve that same arrangement when we get to a further date on this agreement or potential agreement. So within this language here, I know it speaks about just the ten days. But I'd like to see if we can maybe modify that negotiating principle to include some language similar to what we have the arrangement in the arena authority. I'm not sure if the City Attorney has a comment to that or OED staff or a lot of folks might have an opinion on that matter.

>> City Attorney Doyle: Well, I think you know these principles were adopted. Actually they were adopted and readopted again so it's been adopted twice.

>> Councilmember Rocha: It's my first chance so --

>> City Attorney Doyle: I appreciate that councilmember. My only concern, what's contemplated here is an option agreement. We're going to have to go and negotiate an agreement for purchase and sale. The actual sale document. And we can explore it possibly there. The real different though with this project and the arena project is you may remember the Redevelopment Agency spent \$160 million to construct that facility. We own that building. We not just own the land, we constructed the building. The sharks put \$25 million into it for their own improvements but we obviously built that thing. And so as part of the deal we kept a luxury box. Because that was part of the consideration.

>> Councilmember Rocha: City suite.

>> City Attorney Doyle: City suite, sorry, whatever we call it. And the difference here is this is going to be financed with, constructed with wholly private money. So I think we can have that discussion as part of that

negotiation. But to put a condition on it I think is a little problematical because it is fundamentally a very different deal.

>> Councilmember Rocha: Is the negotiating principle similar -- that's not a condition right?

>> City Attorney Doyle: Well the negotiating principles you stick with those principles in any deal you come forward to. What I suggest is get the ten community events and if the council wants us to seek and direct us to seek something more we can always try seek something more but not put it in that you have to have -- something more than the ten community events.

>> Councilmember Rocha: Okay I have a different opinion on what my interest in compared to what the developer's interest is. But I guess I'll just withhold any amendment and take that into consideration. So I guess if I could encourage staff when we do get to a point, the value for me would be more in what I just spoke about as opposed to the ten days. Maybe there was a use and again I wasn't here when we discussed this and I'm not sure what folks have in mind for those ten days. I think the value for access for our residents is higher than those ten days. Thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. Probably the thing that I have been talking about more than anything else is another revenue stream. But be that as it may, I think there's been some dismay with some people regarding the fact that this is a lower land price than what one would normally get. This is a lower market as well, and it can only be used for a baseball stadium. Mr. Wolff will have to come up with the money to build it. That's something that we couldn't possibly ever do. So the difference in the 7 million with the land is not something that would ever have been able to help our employees at any rate because it's money from a different source. And it cannot be used for anything to enhance employee benefits. I did want to ask one question and it's not meant as a downer, I plan to back this. I really was curious. Was there ever any talk about one year rather than two year option?

>> Bill Hughes from the city attorney's office. We talked about various terms but one year was not felt to be lodge enough. Two years is minimally long enough I think in the opinion of the A's. As I said it takes one year, we put a vote together, there are so many things that need to happen, that it doesn't seem likely that we would be able to get all those things done within a year. So two years I think is a much more realistic period.

>> Councilmember Pyle: So the riddle of the day is, how many councilmembers and mayors does it take to push Bill Selig into an answer? That would be --

>> We'd all like to see that.

>> Councilmember Pyle: We'd all like to see that, yes. Thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you. I have, you know, I have joined along with my colleagues on more than one occasion in support of the guiding principles. Moving forward on trying to get a baseball team, have the A's down here but do I have some questions regarding today's recommendations and one has to do with time line. The urgency of doing this right now, is that something that is being requested by the A's because of any indication from major league baseball or the hope that major league baseball, well, one more thing that might spur them into action. Because we have had -- we have had this land, and so I was curious as to what spurred the action to have to happen so rapidly in order to move forward with an option?

>> City Attorney Doyle: I think, Councilmember, the concern has been redevelopment law and the uncertainty given the unknown legislation at the time that we did the transfer, and the subsequent legislation and now the case pending before the California Supreme Court. And we felt it was time to move on this when we knew with some certainty that we could.

>> Councilmember Kalra: That was going to be the second part of the question. So it would --

>> Mayor Reed: Let me answer the first part of the question. Major league baseball is having a meeting probably next week. They'll have another meeting in January, February, they have these meetings. The owners get together, they make decisions. So will they decide this soon? Of course they'll decide it soon but I just don't know when.

>> Councilmember Kalra: They've been taking, it's now moving on three years so to say we're going to take action based on major league baseball having a meeting I don't think is appropriate. But the redevelopment issue I think is of greater relevance from our perspective because we don't know what's going to happen in the courts. So I understand somehow a way to have this land otherwise spoken for. But Rick, legally is there something that would allow this -- depending on what happens to development, would allow the land to be transferred, given the differentiation in what we paid for it, as well as the best and highest use, and what we're selling it for?

>> Yes, it is, and I think that's what the basis of that 33433 report is all about. That is consistent with the health and safety code section 33433, and that analysis is in your packet, and it's supported.

>> Councilmember Kalra: Yes, and I read that report with great detail. Because no matter how much any of us want a baseball stadium, the reality is, this is -- legally this has to pass muster. So with that report I think the main issue is, one of the issue, one of the five pieces of information that has to be included, is if the sale price is less than fair market value, then the agency will provide as part of the summary the explanation of the reasons for the difference, like if that's the whole economic benefit of the stadium is the consideration for selling it for less than the best and highest use?

>> City Attorney Doyle: It is that and the restriction on the use of the property as only a ballpark.

>> Councilmember Kalra: Okay. Yeah, because I read that through that report quite a few times and that's what I gather and in fact, that's the -- I don't know if staff at any point and I guess this -- we just answered it right now with the precarious nature of redevelopment with the sales versus lease, there are different arrangements by different ball parks, many of them are owned by the teams, but there are some have sales or some kind of lease arrangements. But in this case was it the situation of redevelopment that kind of led to the no brainer being sale? As opposed to trying to come under a lease agreement arrangement, not knowing what the situation was going to be with the city's or Redevelopment Agency's ability to still hold title to the land?

>> Councilmember, there -- certainly the Redevelopment Agency --

>> Mayor Reed: Bill, could I get you a little closer to the microphone? It's not picking up.

>> Okay. Certainly the Redevelopment Agency legal situation was a factor. But also a factor in the sale versus leases is that the A's organization didn't want to lease.

>> Councilmember Kalra: Okay, and the sale price, the -- currently we have a bonded debt of \$25 million on that? How do we reconcile that if we get \$7 million in purchase price?

>> City Attorney Doyle: There's no debt on the property. There was a comment about restructure. There is no debt on the property. These are tax increment bonds that were issued which secures tax increment bonds is tax increment. But there isn't a lien placed on that particular property.

>> Councilmember Kalra: Okay, so it was -- bond proceeds were used in order to purchase it. The land itself is owned outright by the agency, but that whatever bond proceeds were used to purchase it, though, I mean, that in some form has to be accounted for.

>> City Attorney Doyle: Right. And the purchase price includes acquisition to various parcels plus relocation costs that were incurred. So it was everything. It wasn't just the land value, but nonetheless it was -- that is the amount that was spent, and that's in the report.

>> Councilmember Kalra: And the relitigation cost were for commercial or industrial I think --

>> City Attorney Doyle: Whatever the use was it was probably \$1 million or so in relocation cost.

>> Councilmember Kalra: I don't know if you were, mayor -- were you able to keep some employment in San José by relocating to other places in San José? I don't recall the details.

>> Mayor Reed: Well, probably the biggest notable one was the NBC studios. That used to be down there on park and -- still in San José on North First Street, I don't think we paid any relocation expenses to them, because they already relocated, and we didn't have to do that. But that's probably the most famous piece.

>> Councilmember Kalra: And in terms of -- there's two levels of conflict because I really studied this a lot over the last several days and I have similar concerns that have already been raised by some of my colleagues and some folk in the publ even if I'm rks something that's good for the city and one is, with you left of comfort is the fact that it must be used for a ballpark. However, if it's not used as a ballpark it reverts back to this authority. What are the -- year and five years later they don't build the ballpark, for whatever reason, major leek baseball doesn't give approval or whatever can comes back, what about those several years, if I reverts back to the city what is the plan? In other words, I know that and comok there's a man generally there are option goes through, it's you purchls purchased, a ballpark doesn't come, that reverts back, are we in a position or is that not out going forward as to the different variations or different possibilities?

>> Ed Shikada: Councilmember if I understand your question, is it related to the alternative use if it's not a ballpark or would -- is it more a memberral question in terms of how we would obtain the property back?

>> Councilmember Kalra: Both. If this reverts back to the city does the city have to pay it back.

>> Ed Shikada: Purchase and sale agreement so that's a subsequent detail that we'll need to outline in specificity. Can so we don't know how much we'd have to pay for it in terms of getting it back? Should there's no not complemented.

>> Property back or pay the exact same 6.90 million back and pay it back. I don't want to pay \$25 to get it paid back, is that right?

>> This is Bill Hughes from the city attorney's office, Mr. Chikd was proant the right one. The purchase and sale agreement is of yet to be drafted. The property can be used for a ballpark, or the A's will not be able to use it at all. They certainly if they're not -- they would in fact exercise the option and it's not contemplated they would actually exercise the option if they were going to build then they're going to have to come back to the authority in order to ask the authority what can be done. Whether there would be a price paid for the property or what that price would be paid at that time is not right now, is not known.

>> Councilmember Kalra: Well I would hope we would get it back without any loss to the city. As you go forward. That should be somehow incorporated into that. .additionally there may be an interest in purchasing the land by AIG even though they redevelopment situation shows itself in four months, five minutes, oh wait a minute, there is a likelihood without possibly having heard back from major league baseball .

>> Well, councilmember, we think it's very unlikely that they would exercise the option without knowing they addressed as bet we can by this option agreement which provides a third party right in that property to the A's. We hope that that is an action that will help us retain the use of the property in a manner that we want the property to be used for, or used for --

>> Councilmember Kalra: So even if you lose property rights to it there may be some opportunity for us to have 8s as a partner and and --

>> I'm sorry, I have bkd confused now.

>> Councilmember Campos: We tall know it's in court right now with the Redevelopment Agency so that's causing us with great sense of urgency you wouldn't otherwise. If A's would prefer not to move until they hear something from noomple lyings baseball. I guess we can riej rks bud Selig with. Now, what about in the situation where redevelopment, everything goes forward an we're forced to sell our assets and they haven't heard from major league baseball and it goes to a third party, what if anything do we have to secure that there go for as a payable site, not a hearing site.

>> You councilmember, they will have two years around after that two years there's also an opportunity if both sides agree to extend it for a third year. So you know, two, three years from now that uncertainty, the uncertainty with respect to moshing league baseball and any during redevelopment fx waited for that to roux. At the time I think you might be able to turn in the towels at that point. I'm interested in knowing what happens when we queered back, but I am comfortable that if it were and then Councilmember Liccardo added the manet of voter part of the milk. What are you suggesting, sense 4 at least the draft along indicating, peel or shell, hall require?

>> The biechedding is part of the moaghts, gals I'm not easter to renegotiate all this. It's clear we've been on the record, if we approve this of course, we are on the record, we ever bound by it and we make the decision whether we should be -- if this option of exercise,ed it will council will fully clot rks manedding a vote of the electorate to approve any participation by the city and using a sports facilities or tax dollars. That's exactly what.

>> Councilmember Kalra: As I understand it this will go to a vote.

>> Councilmember Liccardo: Under the terms of what we see here in this option, this will -- yes.

>> Councilmember Kalra: Will go to vote, okay. That's the first sign of comfort that louse my questions. Otherwise, I can understand proportionately a few more as we get the actual contract lack.

>> Mayor Reed: Thank you comp.

>> Councilmember Campos: Thank you, Your Honor. I think as Councilmember Constant had pointed out, the if there was a way to use the bond revenues or the revenues that were used to acquire the property for the services that we need in our city I agree, I don't think there's one councilmember on here that wouldn't try to be able to do that. However, there is an opportunity to help secure more revenue for the future. And that's why, you know, I'm going to be supporting the motion. Even though I'm a jind fan, I believe black and urned. But -- thank you Pete. But cities or areas don't have the types of opportunities like this that come around all the time. One, this really is an economic stimulus that will last for, I mean, decades to come. Not only that but we stand an opportunity to inherit a legacy of baseball that has a rich set of umor, they have cle Mack, in that history, that we would just be continuing in the South Bay but keeping it here in the Bay Area. I don't think the communicate analysis also took into account the potential of lead champion shy series or world championship sheers. And possibly fast-tracking for an all star game which is probably in the lobs of millions of dollars on complek impact. So I hope keep make is those shrewd moves that he makes to bring a winner because like Pete, I asked to take for, for the new team that will call us home, so thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I just wanted to clarify one deal. Any option deal is always complex but just to clarify Bill, if this option is not exercised, then the city keeps the \$50,000, the defer done does, we get the parking revenue and we keen the land, dislark?

>> That's correct.

>> Councilmember Liccardo: If there's no state yum materials \$200,000 researcher and we keep the land.

>> That's correct.

>> Councilmember Liccardo: All right.

>> Mayor Reed: That struggling with our General Fund budget and spend a long time, is what access can we have that we can use in a way that will many generate fib, that if we can make this transaction April we'll generate money for our general fund also four our Redevelopment Agency, housing fund, county around schools and other. There's more than \$5,000 a year of tax revenues that would be generated by this investment. It's a private sector investment, it will be operated by the private sector and we get revenues. The deal could be structured lots of different ways that would generate no tax revenues and there certainly have been transactions around the country that have done that. And but this will be generating tax revenues because it's purely private sector funded. And \$500 million up front and then the operating costs all will generate revenues for us. So whether or not you like baseball, I know that everybody is concerned about our General Fund. This is a way to help our General Fund. And certainly, there are other things that could happen. Is up as this sits empty for the next ten years and gets used as a parking lot. That's a scenario we would like to avoid. I'd like to they're the ones that have to take the risk. We'll get the benefit of their risk taking and their investment, we appreciate that. But ultimately it is a private sector deal. They have to take if risks and they're potentially great deal of benefits for the City of San José. So I want to urge my council colleagues to join numerous previous council votes on this. I'm not sure how far back this goes with city council members but I know that this is the I think first time a couple of councilmembers have seen these negotiating principles as Councilmember Rocha mentioned and just ask the question, anybody that's concerned about this, what's in it for San José? There's a lot in it for San José even though you're not a baseball fan. I urge any colleagues to support the motion, so we can move this forward. How far forward it goes remains to be seen but it is progress forward. On the motion? All in favor? Opposed? One opposed, Oliverio. So the motion passes on a 10-1 vote. Thank you. That concludes our work on this one. I thank the staff they've been at this a very long time. I away want to thank our good neighbor committee members, who have worked not on just this michael Mulcahy, Susan hammer who co-lead that the Silicon Valley leadership group, San José Silicon Valley chamber of commerce, their support, plus all the individuals who helped us move this project along. Thank you. And let's hope we get some news identity of major league baseball soon. With that we will turn back to the city council agenda items. Starting with the consent calendar. I think -- let me just get back

to my agenda order. Consent calendar would be first. I have a couple items, 2.5 and 2.6 which we will talk about separately. 2.11, Councilmember Liccardo you want to pull that on the parking incentive programs? Are there any request to speak on the consent calendar? None, okay. Is there a motion on the balance? Motion is to approve the balance of the consent calendar. I don't know who got the second, Vice Mayor did. On the motion, all in favor, opposed, none opposed, that's approved. 2.5, Councilmember Constant.

>> Councilmember Constant: I have two travel reports, one is in memo format so I won't bore you with that one. The second one is on the 27th of October I national league of cities joined my colleagues on the NLC for a briefing at the White House. We met with the deputy director of White House intergovernmental affairs, David Agnew, as well as Valerie Jarrett, senior advisor to the president, Jason Furman, William Daly, White House chief of staff, Denees Chopra, Lisa Jackson, the Department of Transportation second Ray LaHood and the Sean Donavan followed by a meeting with the president to talk about issues that are facing local governments. And pending federal legislation. And then I don't think we need to take action on either one of those so I'll roll right into item 2.6. 2.6 is my update related to the retirement boards. At the last meeting I updated you with information about the Federated retirement board's activities. Today I'll update you on the Police and Fire retirement board. At their last meeting the board discussed with its actuary Cheiron, the July 1, 2006 through the June 30, 2010 experience study. What the experience study does is it takes the actuarial evaluations and sums that have been done in the past and compares them with the actual experience of the plan. Based on that experience study, the actuary made a series of recommendations. One is to lower the rate of assumed rate of return to 7.5%. Indicating that anywhere between 7% and 7.75% would be reasonable decision to make. It's important to note that our retirement staff however independently recommended a 7.25 return rate. The actuary suggested a long term wage inflation rate of 3.5% and stated that anywhere within a range of 3.25 to 4% would be acceptable. They also, as with the Federated board, recommended that the SRBR have a cost assumption included in future valuations and that should be .22%, and within a range of .16 -- .16 to .22%. They also recommended that administrative compensates of the plan be moved into the normal cost. They talked about changing the rate of merit salary increases, changing the assumption as it relates to the increased retirement rates, reducing the disability rate assumption primarily for those over 50 years old, changing the mortality tables to recognize improved mortality rates and a slightly increase in termination rates based on age and service groups. They also

recommended adding an explicit \$3 million to the normal cost. If the board adopts all of the recommended assumption changes that could cause an increase in the City's contribution by 8.2% of payroll which is about \$20 million. And increase employee contribution rates by .8%. The actuary did caution the board, however, that this is just the experience study. It's not in context with the full valuation report. But they are working on that valuation report and the board expects to see the valuation report at their December meeting. The actuary mentioned that in context with the valuation report, the valuation results could mitigate some or all of the increased costs related to the experience study. And I think that's really important for us to keep in mind. So we will have a lot more information in December. Their next meeting is December 1st where they'll get not only the valuation study but they'll actually at that time take action on these recommended changes. Although the actuary and retirement services was recommending that the board take action on adopting these swralings preliminary valuation results in hand so that they could do the two in context of each other. So next month, I will have more -- a better update on numbers that we can most likely more count on.

>> Mayor Reed: Thank you. Item 2.11. Councilmember Liccardo, that's regarding downtown parking incentive programs.

>> Councilmember Liccardo: Thank you, mayor. I just wanted to thank and applaud Joe Garcia and Jim Ortbal for putting this together. We appreciate the effect -- I know in the downtown this successful since it rolled out in April of 2010. 68 businesses have taken advantage of this. We know it continues to be tough times but we're doing every bit to help and this is a big part of it so-d thank you. I'll move to approve it.

>> Mayor Reed: Motion is to approve item 2.11. On the motion affair x? Opposed none opposed, that's approved. Next report 3.1. Report of the City Manager.

>> City Manager Figone: Thank you, Mr. Mayor. Just before this council meeting issued a memo to our employees to inform them of this preliminary forecast. I did want to share some of the highlights with you and with the public for this coming fiscal year. The budget outoutlook figure includes \$50 million from increased retirement cost and 35 million carry-forward from one time budgetary solutions, contained in the budgets that was adopted in

June. This is an early forecast and do I expect the projected \$80.5 million shortfall will no doubt change when the forecast is once again released in February. One positive change worth noting is that we are seeing slightly higher revenue estimates. The \$16.2 million in additional revenue is primarily coming through property taxes and sales taxes but unfortunately as the council is well aware this is not significant enough of an increase to address all of our fiscal challenges. And although this is a preliminary forecast, we will use it to begin our fiscal year 12-13 budget planning process. The fiscal reform plan which you approved, last -- the end of last fiscal year will serve as our guide and as you know, there will be no easy choices. In closing I would just like to thank Jennifer Maguire and the budget staff for the many late nights they put in in developing and finalizing this budget forecast. Thank you.

>> Mayor Reed: 3.5, revolving door ordinance. This is back to the council after having been referred to the rules committee. Coming back from the rules committee with recommendation for an ordinance change. City Attorney.

>> City Attorney Doyle: Mayor, members of the council, we have been instructed to go to the Rules Committee with -- to modify the revolving door ordinance to take into account laid off employees and people that might be laid off and subject to the revolving door and come up with some narrowly tailored exceptions to their being involved in it the long and the short of it is that we have the proposal is to -- it's in your packet. It is to allow for an exemption other than employees to represent before the city council, or before any commissions or city staff, to the extent that their employer, their new employer may have received a subsidy from the city or was involved in the project that the employee worked. This is very consistent with the request that we received from Edith Ramirez about a month ago and the council approved that exception and this kind of follows that exception .

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. I had submitted a memo the last time we heard this. Generally the interest I had was considering eliminating this for employees that had been laid off and left involuntarily as opposed to voluntarily. We referred this back to the Rules Committee and the Rules Committee referred this back to the city attorney's office to look at. That is what we're looking at here original memo in the spirit of what I was

looking to achieve but I thought a compromise would be instead of the existing two-year would be a one-year for those employees who were laid off. I also took the opportunity to rewrite the same very ordinance language that the City Attorney wrote and for me was looking through the lens as a former agency employee in trying to understand the new language and with awe due respect to the attorneys here at the city and the attorneys on the dais I was having a tough time really understanding what exactly that would have meant to me as an employee. I tried to rewrite it in laymen's terms because even that is difficult because this is a very complex issue. With that said I'd like to make a motion to approve the memo submitted by myself and Councilmember Kalra and Oliverio.

>> Mayor Reed: City Attorney.

>> City Attorney Doyle: I don't have a problem, just for the record, with your draft language, I appreciate you sharing it with us. It essentially covers the same items but with the exception that it -- did you have a one-year?

>> Councilmember Rocha: Yes.

>> City Attorney Doyle: As opposed to the two-year.

>> Councilmember Rocha: Recommending one as approval of the revised written language which approves the same outcome and had should my colleagues allow for one year.

>> Mayor Reed: Thawfng, I'm not going to support the motion. These revolving door ordinances are really important. And that's one of the reasons the charter requires a two-thirds vote to change these ethics provisions. And I think you don't have to go any further than just look at the 60 minutes interview with Jack Abram corrupt being influence that it can have and that's why we have revolving door ordinance to begin with. So slinging it from two years to one laid off and I think the rules committee recommendation which is essentially to do on a blanket ban is what we've gone through and done for specific employees, is a reasonable way to go. So I'm not going to support the motion but I would support the recommendation coming from the Rules Committee. Or the questions or comments? I have no cards from the public to speak on this so, on the motion, all in favor, opposed,

I count one two three four opposed, so that would be Herrera, Nguyen, constant and read opposed, that fails on a 7-4 vote needs eight votes in order to pass. So fails on a 4-7 vote because it needs eight to pass.

>> Councilmember Rocha: Then I would like to move number 1 in my memo? Which is simply the revised --

>> Okay, we have a motion to move the first part of it under resolving door ordinance any further discussion on that? All in favor, opposed, none opposed, that's approved. So the ordinance will be in conclusion of that. That includes to 3.5, we move to 4.1 which is urgency and regular ordinance amending zoning coat regulations pertaining to medical marijuana collectives. I have one card of a person who wants to speak. If anyone else wants to speak please get in your cards. I see we have a lot of staff moving into position. I don't anticipate a lodge staff presentation on this.

>> City Attorney Doyle: I think we're here to answer questions. Just the short -- the purpose of this ordinance is, with the number of signatures that have been submitted to the registrar for verification or certification, title 6 would be suspended. Assuming it's certified. Title 6 is the operations section, and governs the regulations, health and safety regulations that the council adopted pep title 20 was the zoning. It was always assumed that the two would go in tandem. Title 6 title 20 unless and until title 6 -- excuse me yes title 6 comes into effect. And so we ask your support. Questions for stat? I have one request from the public to speak. Matt Lucero. Going once, going twice, no Matt. That's the only card I have, that concludes the public testimony such as it was. Council questions, there a motion? We have a motion to approve the staff recommendation. Councilmember Liccardo.

>> Councilmember Liccardo: Just one question. We start to and if I'm going far afield Rick I'm happy to enforcement in the meantime and specifically code enforcement maybe a question for Mike. It seems to me I appreciate that Mike you have one code enforcement officer dreave plains about collectives. It seems to me that any low hang fruit would be any collective that's not paying their taxes. It might provide a spur incentive on other revenue is there a way we could prioritize for enforcement those collectives that are not fag taxes?

>> Thank for the question Councilmember Liccardo. We have developed an enforcement strategy to focus on medical marijuana businesses, again, keeping in mind these businesses are currently illegal in the City of San José.

>> Councilmember Liccardo: Agreed.

>> We are focusing city attorney's office to close a number of these businesses down. And have current pending enforcement action against a number of them, other businesses as well. Our next strategy is to focus on those businesses that are currently in violation of state law in terms of their proximity to public schools and will begin enforcement action against those businesses as well. I will begin working with the city attorney's office in discussing with finance an enforcement strategy to focus on those businesses that are not currently paying business tax licenses. We could certainly benefit in addition staffing that we currently have is supported by the General Fund.

>> Councilmember Liccardo: Okay. Well, I appreciate, it sounds as though the direction in which you're going is that you're going to include nonpayment of taxes on that sort of list of frequent fliers for coat enforcement effort, is that right?

>> That's correct. We're going to be looking at nuisances first, violation of state law second and looking at those businesses that are not currently paying these taxes that this council asked them to pay as part of previous actions.

>> City Attorney Doyle: That the primary concern it's really status quo, the council has directed as high priority as those that have a high adverse impact on neighborhoods.

>> Councilmember Liccardo: I agree with that. I just want to make sure dead beets are paying their taxes too, I want to make sure one is contributing on this.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, if I may ask a question. Those that you have identified as a nuisance, what are the criteria for that, are these complaints from residents?

>> That's correct. We have received a number of complaints on six businesses specifically and the complaints range from loitering, just criminal activity in and around the residential and business community. So code enforcement worked with the police department working with the city attorney's office are beginning to focus enforcement actions.

>> Councilmember Rocha: Then I think I've done a disservice to some of my residents because my response has been that we are not doing anything based on the memo I saw until we established the 10 collectives and gone through the criteria. I guess what I'll do is reach out and share with you what I've been in the community recently and heard commercial centers near residential areas. Which goes to the heart of my concern of us excluding the industrial park and other places and having these maybe in department in the commercial and retail areas especially when we require the on site cultivation issue. To me this is a disaster waiting to happen. So offline I'll talk to you about that so thank you.

>> You're welcome.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you just to follow up on Councilmember Liccardo's concerns and would I agree that if we had a number of establishments that are all receiving complaints those that are not paying taxes certainly have shown a willingness to flout all consideration at least those that are paying the taxes have a greater likelihood of fixing some of the issues they are having in the neighborhood so I think that by itself can incorporate that in the code enforcement in some form or fashion just in terms of the willingness of the establishment to abide by any of the rules so I understand they can't simply use they're not paying taxes or not as a primary criteria for

the order in which we do enforcement but I think we add that to the fact that they're also causing other knew cabs and that there's 20 of them causing nuisances and half of them are paying taxes, half are not paying taxes by creating additional burden by not giving thity any funds to help offset the nuisance they're creating.

>> City Attorney Doyle: Council, I want to add ' collection action I would think and you know we nt take it from there if we were unsuccessful in not collecting.

>> Councilmember Kalra: Maybe use this as one thing to add to the criteria of how they're not being responsible and how they're creating a nuisance and again not react to some of the nuisances that are created.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: I just want to be clear about if we don't pass this wasp?

>> City Attorney Doyle: If you don't pass this I'll take the fir stab and I'll let lawferl Laurel chime in. The situation that a collective could come to the Planning Department, ask for a zoning compliance certificate and that is essentially a ministerial act that if they're in compliance they would have to be given that certificate. It doesn't permit them but it provides their affirmative defense to any code enforcement action against them. So the council adopted both ordinance necessary tandem. There was a reason you had health and safety regulations in addition to zoning regulations. And with one going out the door, the other really should be in suspense until.

>> Councilmember Herrera: With the regulatory.

>> City Attorney Doyle: Not with the intent.

>> Councilmember Herrera: In terms of the collection of the tax, is that also part of the urgency doesn't affect it one way or the other?

>> City Attorney Doyle: The tax is independent. The voters 7% tax. So that's independently of any of these actions.

>> Councilmember Herrera: So the fact that the regulatory provisions are not in effect right now doesn't let anybody off the hook for not paying the tax?

>> City Attorney Doyle: That's correct.

>> Councilmember Herrera: Okay, thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I think Ash and I are saying different things and so I'm concerned. Not just because we're saying different things but I'm concerned that nonpayment of taxes itself would not be an int basis for Mike being geand in in this case we've got one code enforcement officer who is out there enforcing and one reason we're not getting the revenue we could be getting is because not everybody is paying their fair share. And we've got cannabis clerves and clearly there's some free loaders out there that are not paying and it seems to me part and parcel of this all should be regulatory framework to ensure this thing should be shouldn't be just another factor that sort of we consider among the many other gripes that a community might have.

>> City Attorney Doyle: But councilmember I think the issue gets down to how do you enforce a nonpayment of a tax and it really is a collection action. You don't shut down a business. And it can be a factor in looking at the totality of all the various code violations but just the fact that somebody's not paying taxation I think gives you grounds to go and try to collect those taxes before you do anything else.

>> Councilmember Liccardo: Yeah but there's more here Rick in that every one of these establishments are illegal and therefore could be closed by code. You've got a situation where every one of them is violating the law. Why aren't we independently saying, if you are not paying taxes guess what you're on the list?

>> City Attorney Doyle: If I may -- go ahead.

>> If I may Rick, Angela Gados, assistant marijuana business tax is collection is enforced by the finance department and finance is here to speak to those questions in terms of how much has been collected and what the individuals in the finance department are doing for collection purposes in addition to sending out letters and making phone calls and things of that nature. They want to step forward at this time and then can I address this issue. Sorry didn't mean to put them on the spot.

>> We do have about 90 businesses that are paying the tax and while we can't give you a list of exactly how much each one is remitting we are developing an informational memo including those that have zero tax And then those that are paying the tax, those that we have that pay for a business essentially registered are not paying any tax at all so we will plan to have that distributed hopefully by the end of the week as an informational item.

>> Councilmember Liccardo: Geum yah I appreciate that. My larger concern is, we've got thousands of businesses in this city that aren't paying their business license, right?

>> Right.

>> Councilmember Liccardo: And no knock on the finance department you guys are great but big bad finance isn't scaring them as much as code enforcement could be. Given the fact that code enforcement already has the authority to shut them down whether they're paying taxes or not so why don't we just elevate that as a priority among the three?

>> Councilmember Liccardo to be the answering your question specifically we will focus enforcement action against those businesses that are not currently pay the tax as authorized and ordered by this council. But as I prioritized the enforcement strategy, it's one those businesses that are creating a nuisance, two that are strictly in

violation of state law and then that third subset that I just described will be those businesses that aren't currently paying the tax to the city.

>> Councilmember Liccardo: Okay, that makes me perfectly happy. Thank you.

>> Mayor Reed: Does it make Councilmember Kalra unhappy?

>> Councilmember Kalra: No I actually agree with everything that Sam has said. Based on what Rick said I agree and I appreciate that's going to be a consideration.

>> Mayor Reed: Right well how many code compliance officers do you have to do that Mike?

>> I have one code compliance officer to do that and the third bail bond businesses.

>> City Attorney Doyle: That's an independent ground we can seek.

>> Mayor Reed: Plenty of grounds we just need more people to enforce the grounds. All right. I believe we have a motion on this. City Clerk did we get a motion on this?

>> Dennis Hawkins: Thank you, mayor. We have the motion but we need to clarify who made the second.

>> Mayor Reed: Councilmember Constant. And let me -- is there -- I asked already for public testimony on this item. Just saw somebody come all the way down the stairs who wanted to speak to us. Do you want to speak on this item ma'am? Okay. No. This is about the marijuana ordinance. Well, the public comment period is closed on the marijuana item, we have a motion, you got everything you needed there City Clerk on the motion? Okay. On the motion all in favor, opposed, I count none opposed so motion carries. So that concludes item 4.1. We'll now shift staff et cetera to item 6.1, implementation of a per day recommend car customer facility charge at the airport.

>> City Manager Figone: I don't know we have a presentation. We're here to answer questions, Bill, is that correct, or were you going to hit some highlights?

>> Bill Sherry: Bill Sherry director of aviation. I'm happy to do whatever the council's pleasure. We are prepared to make a presentation, or we can take questions.

>> Mayor Reed: I believe the council is up to speed, this is not the first time we've considered it. We do have requests from the public to speak, we'll take public testimony at this time. Lynn Alarek, snaisms in that order please come on down.

>> Honorable mayor and distinguished councilmembers my name is Len Almalek, I'm the vice president and general manager of enterprise holdings. We own and operate enterprise Alamo and car rental companies including Hertz Avis, dollar, thrifty and fox car rental. We fully support this agenda item and we encourage the city council to adopt a resolution improving the increase of the customer facility fee or CFC fee from 6 dollars currently to an increase of \$7.50 in 2013. The CFC collected at all airports around the country cover most if not all the capital cost debt service and transportation cost associated with the consolidating rental car facility. \$10 per day transaction CFC presently charged at San José does not cover anywhere close of the costs eligible by the CFC at the consolidated facility and the rental car companies have had to pay out of pocket almost \$7 million in debt service, and an additional \$3 million in transportation costs this year alone. Back in 2007, when the car rental companies committed to participate in this brand-new state-of-the-art facility it was never imaginable that the car rental companies would be required to pay almost \$10 million above and beyond the concession fees and the ground rent in just the first year of operation. With the implementation of this new CFC the financial burden on the car rental companies will be reduced, along with having a positive impact on the structuring of the upcoming bond issue for facility. We respectfully request your support for adopting this resolution to increase the CFC to \$6 per day today, with an increase of \$7.50 in year 2014. Thank you.

>> Mayor Reed: Lorraine Talarico, John Salaw, Rick Waukita.

>> Good afternoon. My comments today will be in addition to the letter which I directed to each of you on behalf of Avis/budget last Friday. Mayor Reed, members of the city council, my name is Lorraine Talarico, I'm the director of properties for the western area for Avis rent a car. We agree with the statement stated by my \$6 increasing to \$7 per day alternative customer fee effective December 1st. We understand that setting rates is not the easiest or most popular thing to do particularly in these times. If aging airport infrastructure could be financed as it was years ago with airport bonds and a reasonable commercial rental rate to cover the debt it would be great. Unfortunately this is no longer possible. All airport facilities are financed by rental car industry. Back in 1999 when the specific statute for San José authorized the collection of \$10 per contract fee for a facility, the facility was estimated to cost \$178 million. The companies moved to temporary quarters in the green lot for what was to be three years. Three turned into ten-plus years and the cost of the facility escalated to \$240 million. I think that number is right but we might have come in a little less than that. Fladz to that the rental car companies cash funded billion tenant improvement allowance. As tenants, and with the \$6 fee we're now going to pay an estimated \$4 million per year in debt out of pocket. This compares to the \$1.4 million on the green lot that we were previously occupying, our property taxes have been assessed at approximately \$2.4 million compared to rather insignificant tax, a fraction of that at the green lot. Our cost to operate and maintain this facility have grown from approximately \$450,000 to over \$1 million per year. On top of all of that, we had anticipated the location of the facility would be within walking distance to both terminals thereby eliminating all of our busing costs. Instead the final plans had to locate the facility too far from terminal A to expect customers to walk, or at least most customers. Hence we now have a common transportation cost in addition to the debt shortfall of approximately two --

>> Mayor Reed: Sorry.

>> 2 to 3 million a year. We urge you to pass the resolution. Thank you very much.

>> Mayor Reed: John slaw, Rick Waukita.

>> Honorable mayor, council. I'm John Solaw one of the airport commissioners for the last four years and I'm also a corporate travel manager by profession. The assumption is that the San José airport is a business enabler for jobs and for companies in the area. So that's the premise that I'm starting with. By continuing to add fees and other policies and burdens that continue to make the airport noncompetitive, which I know that there are a lot of people involved in trying to make the airport more competitive, this is just yet one more thing to push that into a noncompetitive scenario. The fees that will potentially go up will go up approximately 400 percent in the next three years based on the numbers and the averages and that's assuming that they will go to the \$9 per day instead of \$10 per contract. This amount will surely show up in someone's corporate radar and by this it will ask companies to rent less and travel less to San José and use other airports. The study that was given was based on the study of the \$5 to the \$10 fee and that was a small incremental amount. This will be a much larger amount, in a different time frame, where corporations are taking much, much more closer views. The request, really, here I understand that there are cost increments, especially as we continue to not gain as much ground in the competitive spirit. The request here is really to postpone this decision and allow business travel stakeholders to be involved in helping with other creative thoughts that could possibly find ways to incrementally move these fees up to accommodate our rental partners and other people and there is airport. So imagine when a day that might be because we are competing with San Francisco, when San Francisco SFO says when can we compete with San José? Thank you.

>> Mayor Reed: Rick Waukita.

>> Mayor Reed, city council members, thank you for allowing me to speak on this item. My name is Rick Waukita, president of the Silicon Valley business travel association which is a nonprofit professional association with over 260 members representing airlines, hotels, car rental companies, travel management companies, travel technology companies and travel managers doing business in the Silicon Valley. Travel managers make up 30% of our membership and manage travel into and out of the Silicon Valley for some of the largest fortune 500 companies as well as mid market and smaller companies. We also have had the privilege of having current airport commissioner John Solaw serve as a member of our board of directors. The association turns council to take a step back and not rush into implementing the per-day CFC fees to avoid potential unintended consequences including

loss of business as a result of economic responses from the business travel community. Rather we suggest that the council explore other solutions to address this issue with all stakeholders through the business travel association is willing to participate in and develop -- in developing and vetting alternatives for the airport and help come up with a solution that benefits all affected parties. Thank you.

>> Mayor Reed: That concludes the public testimony on this item. Are there any questions or comments? We have a motion to approve. Councilmember Kalra.

>> Councilmember Kalra: Very briefly, mayor. The CFC of \$6, it's currently 6 and the January one, 2014 which is what state law now permits?

>> Bill Sherry: No, councilmember. The current fee is \$10.

>> Councilmember Kalra: So it's currently the \$10 per contract?

>> Bill Sherry: Per contract and the proposal is to reduce it to \$6 per day. \$7.50 in 2015.

>> Councilmember Kalra: It is going to go to the daily fee, per day fee as opposed to the overall contract.

>> Bill Sherry: That's correct.

>> Councilmember Kalra: Cheaper than it is today .

>> Bill Sherry: That's correct.

>> Councilmember Kalra: And that increase still would not occur until -- for a couple of years and then it will go -- it is the authorization to go to \$9 then a couple years after that or --

>> Bill Sherry: We're requesting that the fee of \$6 go into effect December 1, 2011. And then, the \$7.50 to go into effect January 1, 2014.

>> Councilmember Kalra: And then \$9 is not until --

>> Bill Sherry: We're not asking for approval of --

>> Councilmember Kalra: That is something you'll speak with the rental car companies and make a determination if that's necessary at that point and come back to council before any of that is taken, that's going to be a few years off in any case?

>> Bill Sherry: That's correct.

>> Councilmember Kalra: I think the rental car companies made a commitment as close as anyone else and I'm comfortable supporting this motion.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: probably one of the most exhaustive report with a supplemental but did I have a question about the supplemental specifically on page 7.3. In a happy hopeful world we're going to have excess CFC revenue and I know none of us are used to that situation where we have excess revenue. I know you're getting more flights and we may quite simply encounter this on any given year. And it seems as though we don't have a clear agreement with the rental car companies about whether that revenue is applied specifically to pay down bond indebtedness, to relieve them of some responsibility they might have for facility charges, or alternatively, to pay for discretion that's available here and I'm wondering why we wouldn't want to nail that down in advance just to avoid sort of the fights down the road?

>> Bill Sherry: Okay, I'm not sure I fully understand the question.

>> Councilmember Liccardo: Sure.

>> Bill Sherry: I will say that the proposal to increase the CFC to 6 and then ultimately \$7.50 is expected to be well below the total debt service.

>> Councilmember Liccardo: Agreed.

>> Bill Sherry: Okay.

>> Councilmember Liccardo: Yeah and then the question is what happens if the CFC revenues are higher than expected in a given year? I understand we are facility charges will cover the rest but then what happens if CFC revenues are high which is a problem we never had We hope to have that problem in some day, but seems to me that's a possibility for any given year they may be high. The answer that's given on page 3 under number 7, is that you know we understand CFCs can only be used to cover specific eligible cost but later on in that sentence about six lines down it describes three different options where that revenue could be applied and it seems to me that the car rental companies are going to have a very strong opinion about where that money should go. We may have a very different opinion and what I'm worried about is coming down the road and fighting over the revenue without having kind of a clear plan in a contract or something that says we all agree this is where the money should go.

>> Bill Sherry: The order of priority would be for the debt service first. Then the transportation cost. Then ultimately if there's a discrepancy I will have the authority to apply the funds or where the aviation director deems can is most appropriate.

>> Councilmember Liccardo: Okay, as long as we are all in agreement that that is sort of the way it will go, great. He I don't pretend might be quite up in the air.

>> Bill Sherry: 90 think that -- and I invite my rental car representatives to echo this, but we all agree that it's debt service first, transportation second.

>> Councilmember Liccardo: Great, thank you.

>> Mayor Reed: We have a motion to approve the staff recommendation. On the motion, all in favor? Opposed, none opposed -- I'm sorry, one opposed, I count one opposed so a motion passes on a 10-1 vote, Councilmember Chu voting no. That concludes item 6.1. Takes up to open forum. I have some requests to speak. Please come on down when I call your name. Frank Gel, Gene barber and then Judy bender.

>> Good afternoon, Mayor Reed and councilmembers, and fellow co-workers and citizens of San José. My name is frank Jew. I work in the PRNS department palm J and I lived in San José 34 years. I would like to express my feelings that not only affects myself, but all my city employees workers for the City of San José. Most of us who work in the PRNS department make less than \$100,000 a year. But the city keeps on chipping away our salary. Our insurance goes up, we pay more for everything. How much more can the city drain us? We work -- we the workers are the backbone of the city. How would you feel if you were in our shoes? All we ask is for fairness. Within my group, palm J, we are the front line. We listen to the public's concerns, we assist the public when needed. We do the grunt work in the parks. Does that not mean anything to you Mayor Reed? And councilmembers? Pride and dignity are our major ingredient in our group. And winning the golden shovel award three years in a row, not three years in a row, three years. We as city workers have a long term commitment to serve the public with pride. While you Mayor Reed, and councilmembers, are short-term. Thank you for your time, Mayor Reed and the councilmembers, for listening to my concern. I hope that you -- it will put a dent in your train of thought when push -- when you push the front line into the ground and this is our main concern, is we just want fairness. Thank you.

>> Mayor Reed: Gene barber.

>> You're very kind, mayor, thank you. Can you hear me? I have a voice of a fish wife. ESL teacher, long term. I am the wife of Ed barber. Because I am here, he is not. He is captain Ed barber and I am a grave embarrassment to him. I'm sorry to do that. The reason I am here is because you have in front of you somewhere Jay Wendling's letter from the police officer. I think I'm uniquely situated to speak to that. I'm not in the 1% i'm not a billionaire but if you guys cut my cola, and you cut health care, not to worry about me, my husband's investments will protect me. I'm just fine. You don't need to protect somebody as well off as I am. But there's a whole bunch of us Police and Fire and city employees out there, that are not well-off. And you're talking about taking away the cola. You're talking about taking away the health care benefits. Permanently. I have had my share of distrust in the world with water gate, starting with watergate and with a lawyer that was crooked. People keep telling me we have to do what's best for whatever. I think that's how I got president bush instead of president whatchamkallit, the Supreme Court trying to do what's best to follow the rule of law instead of what was best for the country. That's my personal opinion. Now, I look pretty helpless. I'm looking as helpless as I know how to look. No makeup, my hair is dirty, I've got a very bad case of -- it's hard for me to talk right now. About seven weeks ago --

>> Mayor Reed: I'm sorry ma'am, your time is up. We have other people who want to speak. Our next speaker would be Judy bender and then John Max Reger. Ma'am, you can go out this side door here. You don't have to go back up the steps. Judy bender.

>> Well, good afternoon. Here I am again. I'm talking about Dr. Massey, John Massey who is one of the renown wellness, pain doctor in this city. Doctors go to him. And yet we have a board called Mitchum who says whether a patient can go to him or not. Now I didn't get hurt by myself. Everything I got hurt by this city was by people who should have been trained to know what seniors need in a facility. And they get paid quite well to know this. And yet, every time I got hurt in this city, it has been by people who should have known that didn't know. I am upset. I was at my doctor's office yesterday. I have a piece of paper and like I told you before it was not rocket science to send these papers back and forth, that cost about \$500 every time they go to Ken Wright who I just got off the phone with this afternoon, who told me that our human resources board here in San José take the word of Mitchum over his. This is not right. We are paying these people to give these letters and yet our people are getting paid too. We can't have both situations. This is wrong, but Dr. Massey says it in this little paragraph, my

honest opinion is, in this very straightforward case, is, the money being spent to provide a culture of no regarding treatment is essentially the same money that would be spent to adequately cure and relieve the effects of the industrial injury. This does not make a lot of sense to me and I would appreciate your support as I continue to move forward with this complex situation. And he says I remain available. I have not violated labor code section 139.3 and the contents of this report and bill are true and correct to the best of my knowledge. John Massey doctor.

>> Mayor Reed: Sorry your time is up. John Max Reger.

>> Thank you.

>> Honorable mayor, members of council, madam City Manager. Members of staff, my name is John Reger. Just a few points. 99% of my bargaining unit makes less than an average city employee. 60% of my bargaining unit is general Fund. My peers for the most part work outside. They're being disproportionately harmed by these doubled increases in medicines and medical co-pays Attorneys cite that the proposed retirement language is illegal you choose to ignore them. Our business agents site they're illegal, you choose to ignore them as well. So I'd like to go to one more authority. Zubalah, in the name of Allah, most protective most the defrauders, in the name of Allah most gracious most merciful, woe to those that deal in fraud [Foreign language] those who when they have to receive by measure from men exact full mer. [Foreign language] but when they have to give by measure weight two men give less than do. [Foreign language] do they not think that they will be called to account. [Foreign language] on a mighty day. That is the 83th chapter of the holy Koran. I suggest you read it entirely. You are causing great harm to your front line personnel. These folks are being disproportionately harmed, you need to take that into consideration. Thank you for your time.

>> Mayor Reed: That concludes open forum, concludes our meeting, we are adjourned.