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City of San José Community and Economic Development Committee.

>> Councilmember Pyle: I want you to notice this color. Sheila Tucker is joining me with the support for the sharks. Go sharks! We're really happy that they're doing so well. And so with that, we're ready to -- wow, it's definitely -- the story's not over yet. So we do have to -- and we're going to begin with a call to order and roll call. I believe rose Herrera is just inching her way in the door. Thank you, rose. In review of the work plan, we're all waiting for you Mr. Krutko.

>> Paul Krutko: Yes, we have a couple of adjustments to the work plan and the agenda today. The first is as you've already probably mentioned, we'd like to have the competition policy be heard --

>> Councilmember Pyle: No, I didn't mention it but since you did.

>> Paul Krutko: 2.4 we're requesting that be heard first. Figuring some conflicts of some of the folks who wanted to participate in that item so we'd like to move that up. Under the consent calendar, the 3.1 you're making a valiant effort to have some items be on the consent calendar but we've determined that both item A and item D be taken up.

>> Councilmember Pyle: I think item D is going to continue that way, unless there are people that want to pull it.

>> Paul Krutko: You and I had that conversation. Okay, so we will have 3.1,A, the small wonders update, we'll have a brief presentation on that.

>> Councilmember Pyle: Okay. Great. And you did mention that we're striking 2.5 to 2.8.

>> Paul Krutko: Those will all be deferred until May.

>> Councilmember Pyle: Right.

>> Paul Krutko: As the committee will notice, we have a very full agenda, and with the addition of the work under the competition policy has caused some pumping within the agenda. So we'll try to get ourselves caught up at the meeting.

>> Councilmember Pyle: Okay, thank you. And we need approval of the change in the work plan.

>> Councilmember Herrera: Motion to approve.

>> Councilmember Pyle: Second? All those in favor? Aye. We're ready to move on to 2.4 and with that we'll begin with an update, here we are, with Ed, Sheila.

>> Ed Shikada: Good afternoon chair, members of the committee. We've got a very few brief slides to go over that basically summarize the material you've got before you. What's your pleasure?

>> Councilmember Pyle: I don't know if all the people watching on television know you.

>> Ed Shikada: Ed Shikada, deputy City Manager.

>> Councilmember Pyle: Millions, we're up to millions now.

>> Ed Shikada: Sure hope not. Just as a quick intro by way of the discussion the 97 competition policy is the original idea that came forward to the council for the discussion, was referred to the CED committee. As you have noticed in the report that you've received, we're trying to frame the discuss in terms of 2009 service delivery model. And some of the options that are currently being evaluated in the proposed budget, and will be available for public discussion at the end of this week. Just very briefly, a couple of points of perspective and the City Manager's certainly made this point, that the context in which our conversation is happening today is different from what existed back in '97 when the original public-private competition policy was presented and adopted. Back at that point in time a particular interest both in San José and nationwide on the frame of mind that competition might be an effective means of improving the cost effectiveness and efficiency of public sector operations, both the contracts with the public sector or simply by virtue of looking at private sector models. And today no particular detail being necessary in our current global financial crisis, really the imperative as the council has been wrestling with for some time of looking at our costs and reducing our costs in light of reducing our items. Quick litany here, won't go through them individually. We were going through the key themes mentioned by stakeholders at our March special council meeting. A variety of perspectives were raised not a single point of view, giving staff some cause to think through how best to nag gave what could be quite dispar at objectives. Next slide. A simple diagram in comparison to the one the committee was given back in March. The intent, to give aside from any individual policy, aside from the box over to the left with the competition policy being one of them, there are both a number of different policies that apply to decision making with respect to both contracting in, contracting out, as well as service models generally speak but also that these exist within a process, from the flowchart, from the beginning of identifying the goals of the service to the policies, the selection process, procurement process that we use, the negotiation of a contract that ultimately define the legal mechanism for service to be delivered in the boundaries of service performance and then ultimately the monitoring of performance. Next slide? And then simply to recap,

that staff has recommended in your report, before you today, is that we proceed by using specific proposals that will be presented in the proposed budget later this week. And that we use that as the basis for evaluating and addressing each of the initial items that were raised by councilmembers bringing forward recommendations to the city council, that in working directly with the stakeholders, both the stakeholders that were involved in the March meeting as well as more broadly, we anticipate being able to have more substantive discussions on specific proposals, how those existing policies apply, where, for a variety of reasons, some might believe certain portions do not apply and then have that grounded in the reality of specific proposals. And then to have that come back to the committee and to council following budget adoption for policy revisions. And then just noting that in the bottom in italics, we're reviewing the specific budget proposals and initial evaluation, we've tentatively set a stakeholders meeting from May 8th from 9 to 11:00 a.m. We're asking committee members to save the date. We're proposing that the discussion proceed under the city's values, largely referred to as City's employee values that we think provide a good umbrella under which we have put together suggestions as to how the individual issues raised might be put under the context of these values. And finally, the reasons we're suggesting using the value framework is given the wide range of interest we have seen on this issue, it would provide the greatest form to balance, and ultimately this may be a balance between simplicity and level of specificity that would be put forward in our policies. Second, that the specific service delivery models, as we'll see in the proposed budget, can be evaluated on their ability to advance those values, and that finally, that as we get into the more detailed discussion of whether it be any individual recommendation, that having the values and having a touchstone that there is hopefully a consensus point at which the conversation starts, will help us maintain that focus as we proceed. So next steps are outlined in your report. Won't reiterate them and certainly stand by for any questions as well as the committee's discussion. Thank you.

>> Councilmember Pyle: Well, thank you. Walter, did you have anything to add or -- okay.

>> Walter Rossmann: Not at this time, thank you.

>> Councilmember Pyle: Thank you Sheila for putting this all together so we understand what we did at the meeting. Appreciate that tremendously. So at this point, what I would like to do is ask Ash Kalra to bring forth something you worked on and after that we will hear from the public.

>> Councilmember Kalra: Thank you. So first I want to apologize, I was in the office last night working on this, and I really wish I could have gotten it out sooner, but it came out basically an hour ago, little over an hour ago through the lunch hour which is after having opportunity, I want to thank you Ed for the presentation and for your memo. It certainly is apparent you took careful into account all concerns and thoughts that the community had as well as the committee. And essentially what I tried to do was based upon the goal of creating a competition policy, that both allows for the city to make its delivery of services more efficient, while at the same time ensuring that we don't put ourselves in the precarious position of either not being able to deliver services that we may or may not -- that we may ultimately consider a core service, or to not really -- to put ourselves in the position where we can't necessarily -- that we're essentially outsourcing city services without really having some safeguards in place, I put together another memorandum which essentially amends the initial memo that came out that caused the -- us to go down this path of having the stakeholder discussion and so on. Now, I would be happy to go through it line by line, or I would allow the chair to decide if she would like to first get public comment on it. However, it's your pleasure. Because it shouldn't take too long for me to go through but I just want to make sure everybody understands what it is that I'm proposing. And also, there should be copies, my staff members I believe brought some copies and put them on the table. If not, we can certainly get more copies. Again I apologize particularly to the public for not having had an opportunity to see this.

>> Paul Krutko: We had some copies that were actually ones you signed. We got the memo late, and we also have some copies that didn't have the signature. It is the same exact memo. It's just that some have signatures and some don't.

>> Councilmember Kalra: As incorporated in the recommendations, I guess I'll run through it quickly so people have some idea what the goal is here. But essentially as part of the recommendations, stakeholder group clearly was a parallel request to Mr. Shikada's suggestion of having a meeting set up on February 8th, to have a meeting of stakeholders, had the opportunity to meet the last time around. And looking through the recommendations but in general what we would -- you know when you talk about what we heard during that round table discussion, three different main points at least came to me. And one was that a lot of what was being requested already exists but is just not in one place, where it's not necessarily codified but it exists in current city policies, where it comes to evaluating whether it be RFPs or just in general, when it comes to evaluating contracts. Additionally, there was a sentiment that there --

we may be either, by adding some of these safeguards, that there may be a sense of adding more -- a more cumbersome process and I certainly wanted to try to address that with these amended recommendations.

And also, the sense of making sure that the city staff also has an opportunity to better themselves and make them the most efficient employees possible. We all know that we have some very tough decisions to make and contracting out some of the services we have may be the right thing to do. In fact in some substances it's probably the right thing to do. We want to make sure that city employees understand the process and we all agree that it is the right course of action. That being said there are measures in here that give the City Manager more discretion and more authority for exemptions to following through this policy line by line. And so in the recommendations, in the first one, contractor selection, essentially it's codifying existing city RFP practices by expanding third tier review. And essentially, requesting any examples of prior breach of contract. Apparently, that already exists through the RFP process. It's in a sense codifying that. And I believe 1 B and C are reasonable protections for us as a city. Item 2, contract performance, again codifies existing city practices, essentially deliverables, corresponding payment schedules. Item 3, contractor standards, requires that all standards, for employees performing job functions, goes through information that should be easily accessible by anyone that's contracting with the city. That was the fourth thing I guess I didn't say is if someone is going to contract we don't want them, again, add more work where it's not necessary. And so only items that I felt were necessary or something that was actually a value to the city is where information requests are made. Information here, minimum requirements to be provided to employees, that is basic information that should be included in every RFP anyway. Item 4, small business assistance, certainly we want to do whatever we can to make small businesses more competitive, not only just with the city but with other employers as well, larger employers. And if you notice the last line, city staff shall schedule meetings within 30 days to begin on this issue. Again, the City Manager's office and the staff has the budget coming forward so it will schedule meetings, not necessarily have the meeting but schedule it. Both at a time that is convenient for the City Manager's office and some of the stakeholders. Pay to play regulations, already exist in many other California cities, and just a matter of finding out what works best for us that can let us see what things are doing, cost comparisons, essentially discusses all costs, not necessarily the bottom line. The reality is I hope we can all agree that either outsourcing or finding some outside contractor. We may not want to go down that road. Well, in order to determine whether it's worth it we have to look at all costs associated with delivering a service as well as the cost of delivering that service as well. The maintenance of minimum in-house capacity, a core capacity, this is similar to what was requested the first go-round. But item 7B is, you will see, allows for an exemption that the city staff could ask for, thank you, that the city staff could ask for. And essentially it's an exemption if -- it's an exemption if the city determined that they want to change their business practice, change their business model. For example, a warehouse could be brought up as a model. That's changing the business practice and that could be a clear example of when the competition policy just wouldn't apply, and all that would be required, City Manager or city staff could indicate why that doesn't apply in order for that exemption to take its course. Minimum number of bidders, there was a lot of concerns about that and I understand in sharing those concerns, the item is still there for a minimum of three or four responsive bids. However AIDS B which is included in the following exemptions, service requires specific culture competency, if it's to put out the bid, only two people responded, you know, it's clear that there's not going to be a third but due to the nature of the service being requested, that we want sheep to eat some grass at the airport, and there's only -- I have to go back to Sam's sheep, I like the sheep too, they're cute. But there are only two you know farmers somewhere in the region that had that service then that's a clear example where an exemption could be made. It shouldn't be too difficult to be able to determine that. Protection of emergency services, clearly we want to make sure that the emergency services that we afford the community is not something that we, quote, outsource. However 9B indicates that the policy doesn't augment, we don't want to put the city in the position where we can't get all the help necessary when it comes to disasters or state of emergency or anything that endangers our community. We want to make sure that yes, the primary public services are done by office of emergency services but there's always an opportunity to augment that.

>> Councilmember Pyle: I'm going to stop you just a minute. Most of us just got this and it would be very difficult to go through all 15 requirements here and come up with anything intelligible within the amount of time that we've allocated which is only 30 minutes. So what I would like to do is hear from the public first, we could take a pause and do that, I'd appreciate that, and then go from there. We also need to -- I appreciate all the work you put into this. This is a tremendous amount of labor on your part. And I think it

will help expedite the process. We need to decide ultimately where it's going to go next and then that would be at a time when this would all come into play. This is a policy decision, or it will be, and so in that regard the four of us don't -- we don't qualify as a group to do that. So it would have to go on to the council. But I'd like to begin by asking Angie Halstro Alvarez to come up. She has some comments about the competition policy, next would be Helen Chapman followed by Bob Brownstein.

>> My name is Angie Halstro Alvarez. I'm executive director of MACSA. We're [ Off microphone ] outsource services, it's imperative that you have a drawn competition policy in place, the proposed amended [ Off microphone ] protect the city along with residents. And then specifically as the executive director of a mid sized nonprofit organization, I don't think the recording requirements are burdensome. I appreciate the fact that the request for proposals will be designed with reporting that minimizes the amount of paperwork and extensive narrative. I also appreciate that nonprofits such as MACLA who already received funds from a city commission, in our case the arts commission, will be exempt from additional monitoring. For example our mid year and annual reports that we submit to the office of cultural affairs would be necessary. MACLA receives funding from pretty large funders like the Ford foundation, and every six months, we write a six -- a 20-plus page narrative report about our grant progress made to date. And so since they're one of our largest funders that obviously comes with the territory and we know that when we accept the money, this is the reporting burden. But in comparison what's outlined in the policy is extremely doable. Cost effective and highest quality of services. Thank you.

>> Councilmember Pyle: Thank you. Helen.

>> Hi, good afternoon, Helen Chapman, current president of Shasta Hanchett but I'm here representing myself. Time from the parks and recreation committee, perhaps recognize me from there. On our commission we frequently lament, always too little amounts the city's revenue to do with. Even so we can't short change what the city residents get. We need to continue to fight to get the most ever our hard earned dollars. Last month the Oakland city council voted to contract with a private security firm, but this month they had to drop that idea because the firm's owners were indicted. We don't want to enter into a contract that someone's about to be indicted. This issue has been discussed at many meetings. Councilmember Kalra's memo prepares us for difficult budget decisions. The time is now, this should be brought to the full council for dialogue. When you consider outsourcing, it's vital that you incorporate policy before you today, strong measures to improve the default position of the city. As a strong advocate for the City of San José I highly recommend these amendments. I urge you to support Councilmember Kalra's recommendation. I don't believe our community can afford to wait too much longer. Thank you.

>> Councilmember Pyle: Thank you, Helen. We will hear from Bob Brownstein who will be followed by (saying names) welcome.

>> Bob Brownstein: San José needs a strong and updated competition policy. It needs it because of the very high risks associated with outsourcing, risks to public funds, risks to safety and security of residents, risks to the quality of public services. Points I made at length during the stakeholder session that we had several weeks ago and somehow seemed to have been not appear in the list of themes that reported to come from that stakeholder session. But those are important themes. Those are the reason for making changes and updated the competition policy. It was last December that the council first decided that it wanted to move forward in terms of taking a look at this policy. It's now almost May. We've had substantial stakeholder input. Unusual amounts of stakeholder input to make sure that people were involved in making these improvements in a very open and transparent way. The kind of work that's demonstrated in Councilmember Kalra's memo is the level at which I had hoped the city administration would be at this point, that is, taking stakeholder input, merger of council ideas and putting that in a manner that could go back to the city council where the final policy decisions could actually be made. Instead the city administration is essentially saying, let's delay having policy improvements until sometime in the fall, since the budget will be approved just before the council goes into recess. I don't think it's reasonable to have to wait that long. There are outsourcing proposals in the budget. We can bring this back to the city council and have a policy in place before the council leaves in July, so that whatever outsourcing ideas are approved in the budget process, we'll be the beneficiary of a strong and updated policy. Thank you.

>> Councilmember Pyle: Mr. Dunkel and Mr. Duran will be next.

>> My name is Richard Dunkel, I live in district 4, also honored to serve on the board of the Silicon Valley democratic club. If we've learned anything over the past few months it's that people recognize the value of government in providing core services as a stable economic motivator. Unfortunately at the national level

we've also seen government money given out without proper oversight and restraints. Councilmember Kalra's proposed changes to the competition policy address nearly every bit of concern about openness and oversight. Does it make it easy for businesses to get a quick handout? No, but that's not the goal of sending work out to bid. The moment is now. With an added emphasis on looking at contracting network, we should tighten up the policy, as proposed now, today, so that we can make sure that we have stricter controls on tax dollar investment, sooner rather than later. In our own City's recent history we have seen the fallout of unfortunate bidding decisions. There is no value in history if we fail to learn from it. Some day in the future this city will be let down by a contractor. Who among you would want to go forward and say, we had good proposals, to provide additional protection, but thought our value system would be sufficient to cover any contingencies. Police protect me, protect the city, adopt the proposals made by Councilmember Kalra. Thank you.

>> Councilmember Pyle: Thank you. And now we're ready for Mr. Duran.

>> I'm James Duran, chair of the public policy committee for the Hispanic chamber of commerce of Silicon Valley. We approach the general direction that Ash has made in his memorandum today. We think there's good stuff there. We attended the preliminary city council meetings on budget and subsequently there were committee meetings that we were not notified and privy to. I'd like to know in the future we are notified and included. As representing Hispanic businesses and Hispanics, we are 25% plus of the city's population. Us not being included doesn't make a lot of sense to me. Also, of course we have a positive affirmation that we want to see other ethnic groups in the city. And item 1D, city will establish a payment program for small business contractors et cetera, contractors of 27 responded insurance and bonding requirement were not a disincentive and there was no interest in the city's self-insurance program. We are not agreeing with this thinking and I wonder where this came from. Doesn't make any sense to, us and we think it's faulty thinking on the City's part.

>> Councilmember Pyle: Thank you. And now for Gay Gail.

>> Good afternoon, members of the committee, new name is Gay Gail. I presidential of camp and I'm a resident of district 3. I want to thank the city staff for mentioning the employees value project in this discussion. As I brought up at the last meeting, I think these values are important to consider, when assessing how we mitigate the risks associated with having private staff do work that has been public work in the past. Or could be public work. I support setting up a meeting of stakeholders, I'll be there next Friday to discuss the upcoming budget proposals. I think it's really important that we do that, with a consideration of the employee values network. However, this shouldn't happen in lieu of moving the proposal forward. I agree with the previous speakers in that we need to have a revised policy in place before the implementation of the '09-10 budget because we are going to see more and more alternative proposals come up. These proposed policy changes do a very good job of translating the employee values and I thank you for your work, Ed and Sheila, on that. Into a policy framework. In fact if you look at attachment A of the staff report you will see that the connection is quite clearly there. While the values are a very strong starting point, they don't make a decision. They're framework. The end goal should be to use the values framework to craft functional effective policy that can help make decisions. I think the proposed changes of the competition policy -- excuse me again -- do exactly that. I urge that we move forward with Councilmember Kalra's recommendation and use the values framework when considering alternative proposals that come forward like alternative service delivery models that fall outside the scope of pure public private competition or those exempt from the policy and aren't considered within the policy at all. Thank you to the staff and the committee for all their hard work.

>> Councilmember Pyle: Thank you, and Linda diddis is here as well.

>> Hi, my name is Linda diddis I'm a union employee for the city employees and a neighborhood activist and serve on the board of my organization in district 6. I was also on the round table for this issue. And one of the principles that we're considering that anyone can relate to are whether or not we're getting our money's worth. If you in your personal lives could get information about your mortgage, for example, to compare other mortgage board of directors, I think that would be something that we would all want to have the ability to do and we probably all don't have the ability. And in this case, the City's more or less in that position, to be able to request the right information from the applicant as the right way to run the city. As the checks and balances, the proposed changes to the competition policy are the right sort of critical eye for us to cast at any contracts with any outside vendors. Again I remarked on this during the round table session, saying that the city had hired consultants with some of these exact recommendations. Approving Councilmember Kalra's recommendations is a good return on investment. It's what any of us would if we could and you can and you should.

>> Councilmember Pyle: Thank you, Linda. Now for the three last cards that I have and if there are others that haven't submitted yet, they should. Patricia Gardner, Pat Dando.

>> Start all over again. Good afternoon members of the committee, my name is Yolanda Cruz, I'm president of AFSCME MEF largest bargaining group of the city employees who would most likely be the largest impacted representatives. As a representative of city workers I know how much workers care about San José, how much they are invested in the success of the city. We have never been shy of saying that, however, we do understand that there are situations where the city might want to outsource but there must be adequate safeguards in place to protect the City's investment. The reality is that outsourcing is a high risk strategy. As we've seen time and again in jurisdictions that don't have protections in place contracting out can go massively wrong. Whether it's poor quality of service, cost overruns, contract oversight issues, or security problems with vendors not doing background checks, outsourcing has proven to be very tricky and very risky. This doesn't mean that it can't work. It means that if you want outsourcing to work have you to have structure in place that ensures quality services and protects public investment. Part of the reason San José hasn't experienced some of the horror stories that other cities have, we have smart contracting decision. However as we all can probably agree, this policy is not perfect. Councilmember Kalra's recommendations tighten the existing competition policy and closes loopholes, but provides reasonable flexibility for unique situations. These policy improvements were proposed months ago with the goal of having effective policy in place to protect taxpayers' investment as we're making critical budget decisions. The time is now and I urge you to move forward with Councilmember Kalra's recommendations. Thank you.

>> Councilmember Pyle: Thank you, Yolanda and Patricia Gardner are you here? There she is.

>> Hello. I've only had two minutes to read Councilmember Kalra's report. And so I guess some people got it earlier, I'm feeling like there's been a group of people that have been reading this for a while and some of us got it ten minutes ago. So I'm here to say that and that there's nonprofits listed throughout here and there's no way I can make a comment on this. Some it actually looks really good to me but --

>> Councilmember Pyle: Relax, no decision will be made on this today.

>> Okay, so I am concerned about a process where a number of people are speaking that have had this a long time and those of us in here nonprofit community not at all contacted. I want to make a point that I really am offended by that. I'm going to say that when people put out a report, half of the people have read it, and a whole bunch of people in here weren't even contacted, I'm going to say I really, really, really am concerned and bothered by that today. Even though you see some really good stuff in here, it's about the process, guys.

>> Councilmember Pyle: Okay, thank you, next would be Suzanne Solada.

>> Good afternoon, thank you for my opportunity to speak before you and give you some brief comments on this competition policy. I echo the lady that spoke just before me, so I have no idea, Councilmember Kalra, if your recommendations are good or bad or indifferent to them. So my comments are based on what I know up until that came out. I represent the chamber of commerce. My husband and I have Garden City construction. We have been doing business with the city for over 20 years. I became concerned about the memo that was dated in January and after reviewing the memo, it became clear to me that this was an attempt to save city jobs and not encourage outsourcing. Very few if any businesses have the sophistication that would allow this type of oversight in their businesses from the accounting or hiring part of it let me give you an example of what's going on to us. We have prevailing wage jobs, we have to account to Nita Grayson's group. We help them understand what they're supposed to do when they get their payroll, all the things involved in prevailing wage rates. It was a gray area and he was find \$25,000. That is more money than this company made in profit. Now, that's just prevailing wage, you know. And so I'm just very concerned that you put all these things in this policy that you're going to discourage companies from even attempting to go forward. And I think we forget why we're doing this and I think it's to save money and still to provide good services. I think there's a way to do it. I don't have all the answers, I just know personally we've been through all the cumbersome business just for prevailing wage. Nina Grayson has a whole team that's got to work with all the other stuff. With this stuff in here who's going to monitor that? I'll review your policy, make some comments if I can. But I just want to let you know, we experience it daily working with the city. There's a lot of checks and balances and sometimes penalties are unfair, and the poor subcontractor is going to lose money more than he would have on the job itself. Please keep that in consideration and I recommend that you continue to study this so it does look like it's fair for the employees of the City of San José that you get what you need, that's the

best services and you still save the city some money and you truly allow businesses in this at this time or this community to apply for and try some work, especially in the economy. Thank you.

>> Councilmember Pyle: Thank you, Suzanne. Pat Dando.

>> Pat Dando: Good afternoon. Thank you for the opportunity to allow us to speak before you for the community of San José and the others that have spoken before you. I want to first echo Pat Gardner's comments. This is deplorable, really really deplorable. It seems to be happening more and more often, that there are a certain group of people that may get memos before, perhaps they write the memo and then pass it in to be signed off by councilmembers. That just -- that can't keep happening. And it's very clear by the people that spoke today that there's been a lot of review of this memo. That some of us have not seen. And I think when we talk about open government, I think there's some housecleaning to do on the inside. When we talk about people that are controlling or perhaps processes that they're working on is not working and need to be changed, I think you need to look inside before you spend so much sometime on working on the you outside. We need to know when they are written, when they're released and who gets them when they're written. Put that aside, this could be a perfectly fine memo, councilmember but since I didn't receive it until I walked in I'm at a disadvantage to those who got it earlier. I don't know when you changed your agenda, I thought this was going to be discussed later in the agenda. I'm glad I came a little bit earlier on I would have missed the discussion I did here. Let's put that aside and discuss the dysfunctional policy that's called competition. I don't know what has caused all the furor over the policy. It hasn't happened in a decade. No one's used it. You can't go back and find anyone that has used that from the outside, and say, what worked and what didn't work and the reason you can't, hasn't been used. The only reason this surfaced is that in tight economic times the City Manager had a group together to look at the budget structure. I happened to be a member of that along with many community members that gave of their time. This was proposed with great passion by the private sector. Which is to say we're in a time that we can't afford to do things the way we've always done. It can't be about protecting certain people at the cost of the City of San José. So that's why this came about. What this has done is rather than change the competition policy to hopefully make it work you've done a really good job of really sticking the stake through the heart. I think you personally should give up competition policy. This council is not going to pass the a competition policy. This is the time to set the competition policy aside. Maybe you should look at the RFP process because the RFP process is flawed as well. If you take the time to have businesses come in, you've just heard from one, Suzanne Solada, try to find out why you don't have other businesses in the competition process. It might be an eye opener. These addition plus the ones proposed earlier doesn't do anything to promote competition. I think you're wasting our time and staff's time. To make sure it dice and you don't go outside for competition. And I also want to repeat this just on behalf of the businesses in this community. There are a lot of good businesses in this community. And they would be open to serving the City of San José, and its taxpayers. They're not all scoundrels. They're not all looking to take advantage of the City of San José. And if you look at other cities that use competition very favorably, you could pick up some good policies and models from them. But I think it's important at this point if you're just going to continue more checkoffs, forget it and don't waste your time. And then the final thing I'll conclude with is, I would be really curious to find out what was broken with the first policy that you thought should be changed. So what is it, councilmembers, that you're trying to change, with this memo and all the other questions and documents that have surfaced, what's the problem, and when you identify what the problem is with competition then maybe the business community along with the other folks in the audience if we truly want to look at our bias, maybe we can help find a competition policy where you will have city staff and maybe five businesses competing for real competition. That's when you have a healthy process.

>> Councilmember Pyle: Thank you. All right. We're ready to move on. Okay, Ash.

>> Councilmember Kalra: Okay. A couple of things in response to many of the comments made. First Mr. Duran made a comment and I had intended to augment at least number 15 but I can do that, within 30 days begin scheduling meetings with interested small business and nonprofit stakeholders, if we can add there, with interest to small businesses, small business advocates and nonprofit stakeholders to assess methods to encourage the use of local nonprofits and small businesses, to allow the chamber of commerce, the ethnic chambers to be specifically included as those who the outreach should include. And in regards to whether there's a problem, I think that we Mo that the competition policy hasn't been used. Now, there are two interpretations as to why that is. And one, there could be more than two, I think of two right off the top of my head. One is, that it doesn't work and hasn't worked for over a decade. The other is, as we discussed in the round table meeting that we had, the first goal of our competition policy is

to make sure our city and our city departments are working in a competitive nature and they're doing their job effectively and efficiently. If that's the case then there's no need to look outside and go through a process of looking for outside contractors to do what is currently being done by city employees. So the fact that it hasn't been used does not necessarily mean that it's not working. It could mean that it also just as likely could mean, again it depends on the issue and the department. If there are any employees that are doing the job effectively and efficiently, we should focus on how they're delivering their services more efficient and streamline how they're delivering their services. The amendments that have been made do not take competition or the ability to contract out off the table, as has been suggested by some of the speakers. In fact it allows for exemptions that give the City Manager or city staff at the City Manager's direction to demonstrate exemptions. For example, what has been brought up before and I'll bring it up again, the warehouse example would be something the City Manager or city staff could reasonably argue, that is a change of business practice. That's an exempt. The city will no longer do that work, that's an example. Now, for the last, however many years, that hasn't happened. Now, we have an opportunity to do it, that's all that I'm asking is just to put it to the same competition policy that was presented previously with amendments to allow for more discretion and discretion includes discretion by the City Manager's office. And I believe that as Ms. Dando indicated, the RFP process, and the process, I agree with that completely. What came out of that round table discussion more than anything is our RFP process is the most cumbersome aspect as anyone doing work with the city. As our representative from Garden City states, our process is not working. I couldn't agree more, that is an area we need to look at, we need to cut out inefficiencies, we're working with nonprofits and a lot of small businesses in the private sector, and we're making it more difficult for them. That doesn't make sense. We should take advantage of technology, we should allow for some flexibility so that everyone understands what the rules are, and they can comply with them. I think that this competition policy makes it very clear, again, caught up what's in here just codifies what already exists and what the policies already are. If we additional that there is a practice that is irrelevant and shouldn't be occurring then we should stop that practice and we should strike that out of not codified at all, as not effective. Again as chair Pyle indicated, there is no policy decision being made. This is something -- this amendment, the goal is to have this amendment taken to the stakeholder group on May 8th to arrive. And I personally apologize. I was again in City Hall last night, working on this, and I made a poor effort to try to reach out. I know I called Ms. Dando this morning, I made a poor effort to reach out to her. I strongly apologize for that and for anyone else, Miss Gardner as well. I agree it shouldn't be something you should be reviewing sitting here. This should not be the last opportunity but the first opportunity you'll have to look at this. Because again the direction is to have it go to the city staff but to present to the stakeholder group on May 8th to review these amendments and essentially for any recommendation the City Manager has as to certain items going forward in the budget that we could outsource or use the competition policy for, and have someone else do, we can filter it through this and see if it works. If it doesn't, we'll change it, we'll amend it. But we'll put it through a policy that we're confidence that tall work being done is trusted but at the same time, we can try to strip away whatever inefficiencies again exist in the RFP process as well as in this competition policy, without in any way compromising the rights of the privacy sector by reviewing personnel records and so on through the whistle blower aspects of them. I know the chair wants to move on.

>> Councilmember Pyle: We set almost twice the amount of time. We really do need to move on. Sam, go for it.

>> Councilmember Liccardo: Madam Chair, I appreciate the time. I saw this for the first time walking from the committee room, I appreciate Ash's apology. If we're going to engage in meaningful policy dialogue, it seems to me there was enough time for people to be down here. They all read it before I did. It seems to me if we have a meaningful discussion, this should be something gets out to us on Friday. If this is a simple memo with three or four pages of dialogue I understand it. But this is not a simple memorandum. Maybe I can ask a few questions Ash and you can help me out in understanding them. By the way, a lot of this is a vast improvement. As I look through it in the short period of time I had to read this, I think a lot of these things are positive developments. But it seems to me already big questions still. For instance look at 10C. Public access should be granted to any contract produced or collected under contract entered into by the city. Same as if the records were maintained in the city in accordance with the California public records act and San José sunshine. And you combine that with 12A, and it says the city has reasonable access to representatives determine compliance, well monitoring provisions. What I'm concerned with, has there been any access to technology sensitive types of applications, where they're going to suddenly be subject to city inspection or even public examination of

what be reasonably proprietary material? Has there been any discussion with companies about that? And about what the risks might be, whether or not they would ever be interested in contracting with the city if they're face Wednesday that?

>> Councilmember Kalra: Oh, no, there have been, I think that's a good point. In 10B it indicates no service provider will be required to disclose information or [ Reading document ] I can agree that there can be an additional line there that reflects our interest and not scaring away companies because they might be at risk for release releasing competitive information. I think that's something you can certainly add in there as a further protection.

>> Councilmember Pyle: That's not our purpose today.

>> Councilmember Kalra: I recognize that.

>> Councilmember Liccardo: If we're not voting to approve this to move this on to council in some way then I won't ask these questions. If we're coming back to this committee. But I'm getting a sense there's a strong desire to move this forward and in that case there should be a policy discussion.

>> Councilmember Pyle: We need to discuss where we're moving it to. The 8th is what I understand --

>> Ed Shikada: Madam Chair, members of the committee, the meeting on the 8th is anticipated to not be a committee meeting. This is simply an opportunity for us to invite the stakeholders to be briefed on the budget proposes.

>> Councilmember Pyle: Okay. So --

>> Councilmember Liccardo: I'm a little unclear then for us for procedure posture here. If we're coming back for further discussion, I'm happy to restrain any questions I have and we can examine this further. The idea that this is going on to a special meeting of stakeholders and then on to council, you know, this should be the policy discussion. That's what committee hearings are for. So I just want to know where exactly we're going with this.

>> Councilmember Kalra:

>> Paul Krutko: In the memo that Ed provided on the 17th the background clearly describes what staff was doing, and it was following up on the council direction from March 12th, and it says, point out, the committee this was to retain in the committee the issue of revising the policy and directed, I think there probably is a typo, probably the council retaining the issue of revising, return to the committee on April 27th. So that's what this action is. So what Ed did was respond to the direction that he had been given, at the full council.

>> Councilmember Liccardo: I appreciate what Ed's trying to do. I'm trying to understand what Councilmember Kalra wants to see happen. Is this going on or is this going on to council?

>> Councilmember Kalra: If we want to see that the budget proposals may include options for taking advantage of competition then I think we'd have to move it forward, with it going to the study -- not the study -- the special session with the stakeholders.

>> Councilmember Liccardo: My recollection is City Manager made a statement, the last time this came to full council, look, if the concern is for contracting, we can put that on hold. Am I mischaracterizing her statement? My concern is moving this on to council without having fully vetted it because of budget actions that may not be actually taken.

>> Councilmember Pyle: In all fairness, I need to allow Rose to make a statement. Could you.

>> Councilmember Liccardo: Could I get a response?

>> Ed Shikada: Which is why our suggestion was to bring back specific proposals which are in the budget and compare them with the existing competition policy as to how we would go forward. Because I think there could be some stakeholder interprets that what is within the budget does fall within what should be captured by the existing competition policy or certainly an expanded competition policy.

>> Okay.

>> Ed Shikada: Whether getting out of businesses or --

>> Councilmember Liccardo: I understand Rose may have some statements. I'll yield for the moment. I would like to come back.

>> Councilmember Herrera: I thank Ash for thoughtfulness of putting this all together and the community coming forward and giving us feedback on it. I think there's a concern and it's already been expressed there hasn't been a long time to consider this. There certainly are great things, one of the things I'm looking at is the second paragraph and the suggestion by staff that we take this policy, and I I'm supportive of the principles in this, in general, but that we take this and apply it to budget proposals that may be coming up. Because then we have a real life way to really look at how this policy would work with current -- our current budget situation. I'm concerned that because we're in the middle of a budget

process and that things are going to move quickly, that I don't want to rush through this. I personally don't want to rush through this trying to come up with a policy and I certainly don't want us crafting one on the dais either and I think we need to keep focused on the budget. What I'd be supportive and I'd be willing to make a motion that we -- that it kind of is supporting what staff is saying here, looking at this policy, accepting it in principle, looking at how it would work with our upcoming budget proposals and then putting off until August, finish the discussion up with looking how we can really move the policy forward and not try to move it forward now. And I think that it's very important that we focus in on our budget and trying to move this forward right now, the timing on it, with trying to get through the budget I just think -- I think it's going to be -- it's going to be really tough to do. So I'm --

>> Councilmember Liccardo: Can I ask for a clarification on the motion? In terms of coming back to the committee or full council?

>> Councilmember Pyle: I think it would have to go to Rules.

>> Councilmember Herrera: I would say it should come back to council. Wherever it goes, that it move on. My motion is to basically accept staff's feedback on this in terms of applying the principles of this, to current budget proposals that are coming before us so we could test it. We have budget proposals coming forward and we could use the principles encompassed in this to look how it looks in reality, and in August we can look at how did that work, where we can work to put a policy together instead of having to craft a policy in the middle of our budget right now. I'm very concerned about trying to bet it right in the middle of trying to address budget right now.

>> Councilmember Kalra: The only comment I have in regards to that is, you know, we'll be seeing what the -- and I know that the City Manager and the budget director are working extremely hard along with Ed and others in here about putting a budget proposal together that will be coming out in the next few days. If there are as I suspect there will be some budget proposals may be considered that may fall under contracting out city service, by not evaluating or not creating this now two things will happen. Either the City Manager will say okay, fine, we'll take this off the table and it takes away the opportunity for us even to do that or it will be put forward as a policy. I think at the very least if we come back here after the opportunity of that May meeting that Mr. Shikada had arranged and have it come back here --

>> Councilmember Pyle: It has to be vetted with the full council.

>> Councilmember Kalra: Come back here or the full council but sometime before the budget's decided upon so that way, at least, there will be some options that the City Manager says okay, I'll bring up the option of this one again because it's been discussed publicly. But the City Manager says you know what, we want to look at how we supply City Hall and the rest of the departments. That could be an opportunity for us to take a look to see if it works or not, and to see rather than because -- let's keep in minds you know, the reality is that there are going to be layoffs and we have to keep in mind not only creating a policy that make sense, obviously, but we also want to make sure that the City Manager has options available to her. And that the employees know what the process is. Because on the one hand, if we're going to be telling employees we're going to lay you off and on the other hand, we're going to be contracting out any aspect of our services, there should be some system set up that everybody can say this is the format and this is why the City Manager is saying in this case the policy doesn't apply and so on. Bottom line, by waiting until August not only are we delaying finally putting something that -- putting something in that we've been working on for a very long time, not only that but we also delay the opportunity for the City Manager to use some options that are currently either unavailable or very difficult to access, because the current competition policy makes it impossible.

>> Councilmember Pyle: Okay, I'd like to make a point of order here and perhaps you can help me with this. If a decision is made to outsource a particular item, could -- does that have to take effect immediately or is there some type of time period before that begins? Because after all you'd have to get bids from the public and all the rest of it. So that's why I'm thinking August is not such a crazy idea, because we're going to be lucky to put this budget to bed by June. Then July everyone's gone. So August would be the first opportunity at any rate. I think that's actually an excellent idea. Would you agree with that?

>> Ed Shikada: I believe that's true. Now, there are obligations or there may be obligations depending on the scenario for meet and confer on the front end, as well as certainly wanting to make it clear at the council adopts the budget, that certain things may be put into motion by virtue of that adoption. But those will be very explicit discussions.

>> Councilmember Pyle: And we do have to have conversations with the community. So providing that time until August would provide that time as well.

>> Councilmember Herrera: I would be making the motion.

>> Councilmember Liccardo: If we could come back to August as a committee, so we could have a full policy discussion then.

>> Councilmember Herrera: I'll accept that as a friendly amend.

>> Paul Krutko: Madam Chair, we work at the council's pleasure and so what would happen normally is working with the chair of the committee and the mayor's office, we establish the work plan for -- and we're actually thinking about that now, the plan for the fall semester, and we would certainly in terms of whatever tell or whatever topic you would like to have on that agenda we can do that. That obviously then gets validated 50 Rules Committee and for the committee to establish the work plan for the fall. So we can certainly do that.

>> Councilmember Pyle: That's part of the motion?

>> Councilmember Herrera: That's part of the motion.

>> Councilmember Pyle: That's agreeable with you as well with you as the seconder?

>> Councilmember Kalra: Yeah. My only thought is to make sure that we as we go forward with the budget, you know obviously that's our primary concern over the next few weeks and I certainly agree that we shouldn't do anything that interrupts that process. If there are any recommendations that there would be value to having a competition policy in, but including exemptions that may be of value to the City Manager, that may make it easier rather than harder for the City Manager to have options that are unorthodox or something that we haven't used before because of the change in competition policy. So as Councilmember Liccardo indicated, if there was an effort here to try to make it better than the first time around, I really did try my best to listen to concerns. And again I apologize for this coming out late but I did understand that there would be further opportunity for discussion, that this was kind of rolling out some amendments.

>> Councilmember Pyle: We have a motion.

>> Councilmember Herrera: I want to clarify again that the principles of this should be used to look at proposals that are coming forward in the budget. So we should be using that throughout this budget process.

>> Ed Shikada: And I certainly affirm that we will be able to do that. My thanks to Councilmember Kalra for helping us crystallize our ideas. He really did a good job.

>> Councilmember Pyle: All in favor, opposed, that is approved. That will be coming back here in August. All right, we're ready to move on now. Thank you for all your hard work and for your comments, everyone. We're moving on now to the small business development commission annual report. Sorry to keep you waiting. Are they still here? Oh, yes, thank you for hanging in here! Mr. Guzman please take the place at the table. Rudy. That was unforgivable. To forget your name.

>> I should blame Des saying it would be no more than 15 minutes. No more goodies at our meeting. You should have before you two documents, one is the commission's results and accomplishments from 2008. And then the other is the work plan for 2009. I believe they're both single or two pages. I just want to highlight a few things from 2008 that we did accomplish, and some of the results that we did have. We did have the opportunity to visit another commission from the city of San Francisco. And the reason why we went was not necessary to mirror what they do, but to get ideas on what we could do to better serve as support for the council. We did get some ideas and saw how they did their outreach and some public relations tools that we could use. Because sometimes people in the public and even in the government forget that we have a small business development commission. And we certainly want to serve as a support to the CED committee for items such as the previous one, you know, as an example. So we are a commission of small business owners and small business stakeholders that are there and ready to help support the council on issues of -- that pertain to the small business community. Some other items we did was, we have been reviewing the airport subcontracting process and have heard on a quarterly basis the Hensel Phelps presentations, and we have given them positive feedback, on reaching out to the multicultural small business community. They have been doing a great job in their presentations and the entire community has been very supportive of what they've done. And also, what we've been doing, what we've done over the last year to summarize is that we have been receiving reports from the department, including on the RFP process, and in fact we actually worked with Walter, I think he left, oh, there he is, we just completed this last year survey on how the RFP process is going. And congratulations to the department for using technology to increase participation and also, increase the efficiency. And he shared with us many developments as a result of that, and we applaud those developments, as well. Our work plan for 2009 includes the same goals. Because we still have work to do in those areas. And they are to increase and enhance small and disadvantaged business participation in city contracts and vending

opportunities. Improve the use and effectiveness of city programs that assist small and disadvantaged businesses and increase public awareness of the missions and the opportunities of the SBDC. There you have it our accomplishments and our work plan for 2009.

>> Councilmember Pyle: Rudy, you're wonderful, you're a man of few words and we love that about now. This is great. And this is really good work! Are there other comments? Ash, Rose?

>> Councilmember Herrera: This is great, very good work.

>> Councilmember Kalra: Away about what you just mentioned about how something about the competition policy would be something good to go through your commission, I agree with that. To get your feedback and also to get your participation as the voice of small businesses. And so I think that if I could put forth a motion to at least have the results of not only to have all the materials that I've been provided during the course of the last few months on the competition policy, May it's, city staff is going to meet some of the stakeholders and maybe outreach some of those commissioners and to have the results of that dialogue at least available, to have meaningful feedback to us as the council on how we will approach the policy.

>> We want to give you feedback on the communication and the lack of knowledge of the process. Unfortunately and I know it was not intentional, I had no idea that the memo was written, either. But that's beside the issue. Now, the issue is moving forward.

>> Councilmember Kalra: That's right. And that's why I really appreciate you making those comments and as we go forward, you know, certainly your feedback and the commission's feedback will be valuable in determining how the can best address the needs of the small business community.

>> Councilmember Pyle: Now, are you on a distribution list, Rudy, in other words --

>> I'm on the OED's small business advisory list.

>> Councilmember Pyle: Do we need a motion?

>> Paul Krutko: Madam Chair, if I could, we certainly could identify what would be the appropriate way to engage the commission in the process. You have timing concerns, they have a regular meeting scheduled. So if you would allow us, we could certainly make sure that the Commission was involved in the processing process, either by participating in meetings that are already coming up or by bringing things specifically. If you give us a little bit of flexibility we would appreciate that. One of the challenges you are going to hear over the next several weeks, is staff resources we have to undertake a variety of task force. Where we can do some things together, that might be more effective. So if you can bring the commission to a stakeholder meeting, rather than bring all the work to the commission, that might be a little more helpful approach to the limited resources we have.

>> I do need to say that the Office of Economic Development has done a tremendous job with supporting the commission. And we appreciate the staff report that we've had. I've been on the commission since 2004, about ready to term out. But it's been a good experience and of course, we bring up -- it's not all a rosy picture, sorry Rose, but it's certainly-it's certainly been a good experience.

>> Councilmember Pyle: Well, great, you're going to want to hear the next part of our agenda as well.

>> Councilmember Herrera: I have one last question. I'm really concerned about what's happening with small businesses in light of the economic situation we face, because they're very important employers in our community and they're also working families as well. So I'm wondering what kind of -- what have you heard or away kind of programs do you guys envision or is there any way to collect information in terms of any emergent feeds or things that the city can be doing for those small businesses?

>> Thank you, I appreciate you asking that because I failed to mention one of the items we did accomplish throughout the year is invite stakeholders, invite chambers and business assistance programs that are either associated with the city, the state, the county or the federal government, to learn what is available out there to share share information, memos, whatever is most appropriate. What's interesting, I know it's well-known by the council, it's not interesting, it's a challenge as we don't want businesses leaving the City of San José, we want them coming in. And there are several examples of businesses moving across the street which is across into another city and we don't want that happening anymore. Great question. Yes, we have been looking at that and discussing that and it is affecting everyone on the commission, as a matter of fact.

>> Councilmember Pyle: Good. Sam.

>> Councilmember Liccardo: I just want to thank Rudy for his years of service. I know you're a man with a day job, and I appreciate your work on the commission.

>> Councilmember Pyle: Rudy, I'm sure you're going to want to be here for the next item, how local and small businesses are involved. Stay tuned! Could we go ahead around belatedly the report? It is a report.

>> Councilmember Herrera: Motion to approve.

>> Second.

>> Councilmember Pyle: All those in favor, opposed, thank you for being here Walter.

>> Walter Rossmann: My name is Walter Rossmann deputy director of finance. What we'd like to do is present to you the figures of local and small business, as we go into a presentation I would like to quickly outline the ordinance which addresses the local small business preference policy, some of you may have seen this already so quickie going through that. Let me have a request for bids for goods and services, based only on dollars, that is the determinative feature for making the award. If the bid is \$100,000 to a local business, their bid will tabulate at 97,500, minus \$2500. If the particular company is local and small, 35 or less employees, then we take off another 2.5% and make it 95,000 when we tab forward. Obviously not just price is an effect for an award, or perhaps the experience in providing an experience, then we go to a point ascale of 100 points, 5 percentage points for 5 points, local or small business it's ten points. Automatically they get to the points where they receive a five points for local and ten points for local and small. Looking at particular figures, I know this is a quick chart, a table here. What we want you to concentrate on is the last column, fiscal 2007, 2008. The way we contract in this city is two major contracting centers, financing and purchasing. We do not professional service, security contract in the purchase of goods and technology. David will talk about what Public Works does. That really is the smallest portion of all we going to do. 2007-2008, across the border for the last 23 years, lastly it was about \$110 million went to local suppliers and 8% of the total or \$10 million went to small local suppliers. Looking for awards for the better here, go to small and local businesses, to 29% in '07-'08 and 90% for small and local suppliers. I want to turn it over to David to talk about Public Works.

>> Thanks Walter. In Public Works, we have two different types of procurement we do, hiring consultants and the actual construction contracts. Starting off with the consultant contracts, these are typically professional services, anyone that comes to Public Works, architects, engineers, that sort of thing. The procurement of these services is subject to the local preference policy, so as Walter just mentioned five points for local, fives points for small. We're typically putting work out in the business community when we don't have the capacity to do it in house. That is, when we don't have the resources or the expertise to do the work. As you can see, there has been a decline in the previous years in the amount of work we've put out, there is less work and the capital program is heading into a decline. I will mention that local and small business are holding their own there in terms that 75% of the dollars we did put out went to local consultants and 40% went to small. I should point out that there was one very large contract from this group, that went to Ginsler, if you exclude that about 97% went to local and 50% went to small. Slides. On construction contracts, I think it's important to remind the committee that there's no preference allowed on construction contracts. It's low bid acquired by law. We did put out less construction work than we did last year. And I would say even in the hyper competitive market, the local and small seem to be holding their own in terms of consistent levels throughout the years.

>> Councilmember Pyle: Dave, if I'm reading this correctly, when you look at small consultant, the local consultants have remained the same from year 7 to year 8, 67%, but then from 27 to 42 for if small consultants. I think that's phenomenal. That's great. We're work harder to keep our companies small, help work with the small companies?

>> Sure. I think it shows that a lot of our local companies have the ability to compete well when they do compete.

>> Councilmember Pyle: That's wonderful.

>> Paul Krutko: A lot of the things that our two colleagues are not taking credit for, over time our staff have looked at opportunities for outreach, ways to encourage participation, and much of that where in prior years we would be describing that as things we are doing, now those are a matter of course of business. And I think you see the result in some of these tapes. Approaches and procedures for the marketing programs we have implemented.

>> Walter Rossmann: That concludes our report.

>> Councilmember Pyle: Questions? Ash?

>> Councilmember Kalra: Thank you. I also agree that it's nice to see the consultant contracts have a very low percentage of total dollars finance I can see why it would be difficult to find the artists that do do the work, it is a limited number of people. I do appreciate that the number of awards still look to be a very high number of local. If the stunt does provide itself, at least from the surface, where there are opportunities for smaller contracts or there might be a higher number of localize contractors that can do the work, that a high percentage of them are being chosen. A question with regard to the purchasing

contracts because that number you know some it's a decent number local, but when we say finance and purchasing it seems like a pretty broad category. Does that in terms of just purchasing items, or people consulting with regards to finance issues?

>> I should say the description is more functional than it seems. What you're seeing there is the fire truck purchase, the January purchase for the airport, huge dollar items, obviously not produced locally, but we do buy a lot of goods from other parts of the us.

>> Councilmember Kalra: Especially with specialized groups, I can understand that. Are those I.T. materials and things of that nature?

>> Walter Rossmann: Correct, computer and server equipment but the bulk of it would be product. Whether it's police cars, fire trucks, again, whatever is in there each one is about a half a million dollars or maybe \$800,000, so there's a lot of product in there versus actual services. If you look at information technology, it's a large account for what is recently approved, PA system, closed circuit television system, et cetera.

>> Councilmember Kalra: Of the ones that are local, which ones are --

>> Walter Rossmann: Local service contracts for the fleet, maintain our fleet, local technology stores right here in town et cetera.

>> Councilmember Kalra: Thank you.

>> Councilmember Pyle: Question? Well, are we ready to move the report? So moved. Second. All in favor? And that is unanimous. Thank you very much. And we're ready now to get a report from Kim Walesh. Our chief strategist. I love that title! She does, too. He said you liked it as well.

>> Kim Walesh: This is a staff initiated effort, and end in of of 2003, when city council passed San José's economic development strategy, first of all this is only the first time the city had ever had a comprehensive citywide economic development strategy and at the time we said, it's intended to last for maybe five years because we know the world changes pretty quickly around here. So as staff, we feel like this downturn is absolutely the right time to sort of check in and update this strategy. We've accomplished and awful lot. So there are some things in here like build a world class airport fast that we'll be able to say check, we've done that. We need to do some things but obviously the world has changed. The kind of development environment we can expect, the kind of projects, there's a very different world out there. What we're proposing is this calendar year, we might do what we would call economic strategy light. So it might not be as massive an effort as the first go-round but we will go out to stakeholder groups to industries we will update key data sets, we'll document all the accomplishments of the last five years, and we'll recommend which of these strategic initiatives just keep moving in that depreciation and which ones might need to be changed for the next five years. The reason to do this now is as you know we're in the middle of updating the City's general plan so that the high level strategies in the economic strategy can then dovetail into the general plan. So we'll have good linkage there. This will be a collaborative effort among OED and RDA and Planning, Building, and Code Enforcement, specially in terms of the staff involved on that, but we'll involve our CSA and all the departments that have touched development and we have shared this work plan with them. Like we did in 2003, we'll have a small expert advisory team, like economists and we'd like to broaden the group to include leaders of regional groups to get involved in local development, you can see the list of leaders we intend to reach out to. Like on page 4, we did a group that Councilmember Kalra was involved with, Indo-American groups, you learned so much about what's happening on the ground and what people really think by listening to them. So that's what we intend to do on top of everything else that we're going to do. We're not going to use any specialized consultants, we're going to try keep this a priority, as we have more urgent things that come out of, we believe this production that we do will help us learn a lot and come out of this recession really knowing how we are going to head next and how we will continue be successful.

>> Paul Krutko: No hubris intended, but if you hang out our shingle, the notion that we would have to go out and get anybody that would replicate the information I have, and the staff, we don't have to do that. We are as we should say in that vein, we are presenting a paper with Barcelona, with -- Sheffield U.C, south Africa and RTP, Raleigh Durham, international association of science parks in June, how regional economies introduce innovation, presenting a paper about the work we do together with the agency sort of advancing our community. So we want to build where we are, we have a lot of challenges that I've shared with a number of you individually, this current economic situation has quite a head wind for us, particularly when you're a region that sells to the rest of the world. So we're not insular when the rest of the world has a problem. It comes home maybe not as quickly as it happened elsewhere but it has each year, so it's time to do this work.

>> Kim Walesh: And John, I don't know if there's anything you want to add.

>> Councilmember Pyle: John's very happy with it, as we all are. I think the fact that you can do this without using consultants is wonderful. You are the consultants in so many ways. And as you said, good, well, we're not going to go there. We don't want you to even think like that. Ash.

>> Councilmember Kalra: Thank you. And as pleased as I'm sure we're all, at seeing that you're going to be doing it in-house as consultants, obviously you'll all have a lot on your plate already. So to whatever extent possible, I'm sure all of us, the rest of the council will agree that whatever our office can do to help in terms of outreach, in terms of adding feedback from the ground level or what we're hearing out in the community, to bring different folks to the table as well, you know, we have our thing on the pulse sometimes in ways few others do. So I think there may be opportunities like in the meeting with the Indo-American communities, there are opportunities that all of us have different areas, different levels of expertise we can bring to the table. One that is not specifically listed, small business owners, retailers, so on, something that Councilmember Liccardo has worked a lot on is some of the local entertainment type restaurateurs that bring a perspective that may warrant a separate category. I'm sure that he and others on the council will be happy in helping to facilitate that. They bring a unique perspective that can really help the network.

>> Kim Walesh: I appreciate the offer. To help host it and use your credibility to get the right people to come and have a good conversation. Thank you.

>> Councilmember Kalra: Thank you for the report. I look forward to the work.

>> Councilmember Pyle: And Sam being the gentleman that he is, has said why don't we let Rose go first this time. Rose.

>> Councilmember Herrera: Thank you, Kim. I've had the pleasure of having met with you several times, impressed with your vision and we're lucky to have you. Thank you for the report. Just made a couple of notes. So I think I'm tagging on to what Ash just said about looking -- I would be happy to work with you in terms of my district. There's certain neighborhood business areas that I would love to be able to have engaged in and give their feedback. Because I think the idea of the nexus of economic development, housing, environment, transportation, kind of bringing those things together, to enhance the quality of communities is really important. And as we move forward, for lots of reasons, and those neighborhoods, you know, one of my focuses is to try to activate neighborhoods and those business districts and opportunities within those neighborhoods. Also, incentives, kind of looking at what kind of incentives you think we can provide to attract, grow and keep businesses in our community. You know, what can we do to do that? And out in districts as well as centrally. And then I think you've already talked about globalization. The idea of how we're globally connected and how important it is. I know in our district we have just a multitude of cultures and opportunities for people that have businesses that are already connected globally to really help us reach out and do something bigger than just a local focus. And I know you're already going there but I just wanted to chime in on that. I also would be very interested in getting feedback from the Thai, was it the Thai that you met with, I was actually an early participants in that group, so that you can learn as you're going through the process to get information that might help all of us.

>> Councilmember Pyle: Sam, gentleman Sam.

>> Councilmember Liccardo: Thank you. Kim, thank you for being willing to embark on this. I was trying to be nice, Paul. I know that you have your finger on the pulse of the trends far more than I do. But there are two things I'm really concerned about as I look out the next five years. One is and beyond the obvious economic troubles we're in now is, one is the demographics as we look at the general plan, particularly, knowing that we're getting much older as a workforce, are likely not going to have that sort of middle of the sandwich group in our workforce, particularly in the long term future that we have today, that is particularly driving our industries, that are roughly 30 to 45-year-old workforce. So I think whether that means we are focusing on retraining older workers or looking at how it is we best exploit the talents that we have of the older workers, that seems to be a critical task for us. The concern I have seems to be coming out in the popular press now, folks are waiting for the other shoe to drop in the financial markets, now that we're working our way through a considerable mess with residential lending which I know will continue for a couple more years as some of those adjustable rate mortgages get reset, I'm starting to hear about commercial paper and extremely high loan to value ratios, with loans that were made a couple years ago, and those are of course coming home to roost now in the next couple years, which leads us to believe that the financial markets are probably not going to be a source of great growth for businesses, and what does that say about what companies we want to attract and keep? Are we just going after the

big companies where cash is king? Are we looking at emphasizing more our small business lending program to try to fill gaps? So I think assuming that we're going to have a stagnant financial set of markets out there, how do we grow despite that?

>> Kim Walesh: I think that's a huge issue. The whole relationship between Silicon Valley and Wall Street for real estate but also for IPOs that fueled a ten, 15-year run, what if that's changed fundamentally? What has changed and what's the new model? Good question.

>> Paul Krutko: I think one of the ideas that we have with this effort is that we are working against, I guess what I would call a technical tickal plan, the council provided some direction this past spring for the stimulus planning document that we've reported on to you once already. And we'll report on to you again. And I think the notion that we have with this is, and I think Councilmember Liccardo kind of put his finger on where we're at, this is intended for us to take a -- maybe a good scan over the horizon to see what we're doing. And then I think out of that, identifying the things that we want to focus on, as Councilmember Herrera said, and then maybe what we need to do is have a -- and I think that's where we're going, is sort of an annual tactical plan about what we're trying to do on those near term opportunities to make things -- to make things happen. I've charged, this is more of a preview, I've charged our group that as we get through the budget, and for us, you know, many of us, it's those hearings will start in a week's time, then as we move into May, we're working on things in the budget but we have some time. We really wanted to take a hard look at what we might do from an incentive perspective that we haven't been doing before. We -- I don't want to preview anything. We have some ideas, and we want to take a good look at that, have some conversations with the agency about how that would dovetail with their efforts. But this is a good time for us to really look at processes, how long things take, do we have a chance to reduce processes, do we have a chance to present ourselves a little bit differently in a competitive way. We were very successful in the last recession, I think tactically coming out of that, by listening to the business community, telling us of their -- I always give credit to Xylinks on this, the special incentive program, that has been a huge boon to us. But prior to that, we didn't have a special tenant improvement program, the industrial program that you've all been briefed on, but those were two initiatives that grew out of the economic development strategy as tactical tools to implement them. We might have some opportunities like that, we listen very well to the businesses and the various groups we've talked to, they'll tell us about what they've experienced in other communities, we can get variations and special ideas. Special tenants was a variation. What fort Collins, they only had one opportunity that happens a little while. They assembled people together when they did. We'll try to assemble aa team together.

>> Councilmember Pyle: Wonderful. Will someone provide a motion?

>> Councilmember Liccardo: Motion to approve.

>> Councilmember Pyle: All in favor, aye, that passes unanimously. Thank you very much, Kim, we appreciate all you do. Please don't tell me what happened to B, I don't know where it went. I have a motion to approve consent.

>> Paul Krutko: Madam Chair, I know you're on a tight schedule. We did ask for a few minutes on the small wonders, Connie Martinez is here.

>> Councilmember Pyle: Yes, all but A. C and D is approved. All in favor, aye. Connie Martinez. You've been here freezing in the winds not too long ago.

>> Lets dive right in.

>> Councilmember Pyle: Sure.

>> Okay. I was just wanting to share a little bit of an update, the enthusiasm that we all had for the sofa district which is part of the small wonders and a little bit of history, just especially for our new councilmembers.

>> Excuse me, Connie, is this called sofa slides, do you know what the name of it is?

>> I don't know, but try that. Can I just stand here?

>> Councilmember Pyle: Sure.

>> So the conversation about a vision for downtown really started several years ago. And culminated in a vision that was first funded by Adobe that included a group of downtown stakeholders. And over the course of two, I think it's now three summers ago, we had conversations with about 3,000 people, and 87 presentations. I realize the new councilmembers may not have been one of those 3,000 folks, so I would like to offer as a separate -- at a separate time to actually share that presentation with both of you. I think, because you're going to keep hearing about it --

>> Councilmember Pyle: You're going to be going to council. This is forwarded to council.

>> Oh, no, I'm talking about -- yes, yes. But to just put this in perspective, we landed with a framework for a vibrant urban core. And big deals and small wonders across five planning domains. Arts and entertainment, the work environment, urban living, the public realm, and I always forget one and it's never the same one.

>> Shopping --

>> Shopping and dining. How could I forget? The long and short of it is we crafted ideas visions for both big deals and small wonders in each one of those buckets. Why we're talking about sofa today, the south first area, we thought that was the perfect three block area in downtown to play out a whole menu of small wonders and give critical mass to if we paid some attention to the details of the urban design, the physical realm and the programming inside of it. Again, not big huge BART to San José or convention center which are really important but if we played out those pedestrian-friendly small wonders in critical mass, how far could we go? So we've been tenacious and we are -- I'm really excited to share with you today that not only have we broken ground, we have -- we will have exciting new physical improvements, all summer, if you come to first Friday. We're kind of gearing our first Friday, every first Friday we'll have something new. And so in fact, the -- on the street you'll see if you're driving with sofa right now, I'll show you some pictures in a minute acknowledge we'll actually have the cafes in the first block and by the time we have the West Coast slide festival, the first floor cafes will be done. It's very, very exciting. This slide show, which I've touched on, I'm sure folks in the area are pleased with this. I'm older now, working on the street is extremely hard work. But we feel good about the level of consensus and the retailers, the arts organizations, as we played out this vision, you will see new landscaping, the outdoor cafes, the renovations, the list goes on and on. .it will be surprising to share this with you. The neck site, this is the physical site, the next we have today is the next slide, construction projects under way. So once again, I invite you to come to the first Fridays this summer and continue to share our excitement with all the progress. So thank you. Any questions?

>> Councilmember Kalra: Thank you. I just wanted to mention, on Saturday, I had a chance to grab a cup of coffee at cafe Trieste. And in addition to seeing my colleague, Sam Liccardo -- I parked my car walked inside, asking what's going on out there, expanding, I was so excited, to see it happening and to hear about it now is just great. I think it's going to add so much to that street.

>> Thank you.

>> Councilmember Kalra: That's one of many changes we can look forward to but I think it's really going to help activate that area.

>> I think what's unique about this is it's truly a public-private partnership. So for staff to invest resources, RDA has invested resources and everyone on the street has invested in its success so I think we have a great shot at it.

>> Councilmember Pyle: Rose.

>> Councilmember Herrera: Thank you for your report. I was on cafe Trieste on Sunday. Saturday I was at the opera and Sunday was at the stage company to see always Patsy Kline. So sofa district is a place I go often. Looking forward and especially looking forward to ZeroOne.

>> Councilmember Liccardo coined a new phrase, it is the mayor's summit, we're using it, sofa's so good. Sofa's so good.

>> Councilmember Liccardo: Connie, thank you for all your great work.

>> Thank you.

>> Councilmember Liccardo: I know it's not been easy slogging through all the city regulations and everything else so I appreciate your diligence.

>> I do want to say that the staff relationship have grown and we're feeling really great about our relationships with all the departments that touches it and by the way almost every department touches it. OCA and all.

>> Councilmember Pyle: All in favor? We never did have a motion. Waiting for a second. That is unanimous and now we are ready for our -- sorry to keep you waiting so long, ladies. The homeless update. So thank you.

>> Thank you.

>> Leslye Krutko: Leslye Krutko, director of housing and I have with you Jessica shiner homeless programs manager. Just to give you an update in what's happening in the world of homelessness, it's a lot I can say. I'll give you a brief update and Jessica's here to help with any questions that you might have. Since the last time that we came before you, we have made a number of accomplishments with destination home, which is our partnership with the county, and with the public and private sector to end

homelessness. We've hired an executive director, Carol La Mont, who comes from us, she was a director of housing for the City of Fremont and then went on to work for HUD and most recent with the San Francisco foundation, she has programs with homelessness and fundraising and has proven to be an exceptional help, that person is on the ground and is trying to bring everything together. We did open two one-stop prevention centers and we will be in a position to give you updates on how those are doing and the successes because I think that's really what we need to be able to show, is that we are reducing homelessness and we are housing people. These one-stops particularly the one at the Boccardo reception center, on little orchard drive, is serving the chronically homeless, someone described it as almost a magnet. Once the people knew it was there all of a sudden the number of people coming was actually something we had to work with. Jessica had to get her teammates together to deal with the demand for services, but we've dealt with that and it's just been extremely successful. At the one-stop prevention office at Boccardo we also have a medical respite that has, I believe, 15 beds?

>> 13 I think.

>> Leslye Krutko: 13 beds, that has been full pretty much since it opened. We are looking right now at expanding. We did receive a federal earmark to do that so we're looking at where in the representation center we can expand to add beds. That respite is just, it's really, really key to keeping people out of the hospital system and successfully housing them. I can tell you in the first six weeks or so, of operation, 40% of those in medical respite were permanently housed. Which might not sound like a lot but before the respite was opened it was zero percent. Allowing people who might have wounds that would not heal to take the time to heal so they don't circle back into the hospital system. That program by the way is funded by the hospitals themselves, they've all contributed. On behalf of the housing authority, talk about vouchers for the homeless and at that time we were asking for 200 section 8 vouchers. We have worked out an agreement with the housing authority for -- that we will get one-third of all vouchers that come in. That may very well exceed the 200 vouchers. It was an easier counting for the housing authority to do and we're satisfied that that makes sense for us. Those vouchers will be used by the one-stops to place people in housing so they won't just receive services. Now they'll be able to get a voucher and with that voucher will come case management. A great deal of fundraising has happened in the last six months or so, and those moneys will all be used for case management and tied to those vouchers. And those funds -- that program is expected to be up and running July 1st. Also, we are going to be starting a rental assistance to the mentally ill and the Department of Mental health will provide funding for case management to again, to provide some immediate permanent housing opportunities for the mentally ill. We expect to house 100 people in the first year of that program. So that's something that we're also expecting to start in July. So we'll start seeing some good numbers here. Jessica and her staff are doing a few things that in addition to what destination home is doing, we have a lot of outreach and engagement activities that are going on around the encampments and trying to reach out to people who are not very comfortable with the system, not comfortable coming into shelters. It takes a lot of time. Sometimes it might take a year or more of contact to get people to consider coming out. So coming out of our project homeless connect activities where we've had lots of volunteers, a lot of people didn't want to volunteer on one day, they want to volunteer over time. And Jessica's staff has been able to work with those volunteers, get them to -- they're very interested in actually going out and doing that outreach and so they're meeting on a fairly regular basis going out to the people on the creeks in particular places to just talk to them, not to at this point try to convince them to go anywhere but just get to know them so they get that comfort level. We will continue with some small project homeless connects, we did two last year but the one-stops are intended to take the place of those big events but we'll do some small targeted events potentially to use for specific segments of the populations to reach out to them and bring them into the system. Then really the last thing I wanted to mention was the prescription discount card which we did roll out. So anybody in the county is able to access these cards and save money on prescriptions. It's free, as the only qualification is you don't have insurance and if you did you wouldn't want the card. So it, however, has been -- it's a real successful effort to try to help lessen prescription drug cost. So that's sort of in a nutshell what we're working on. There's a lot of other things I'm sure I didn't mention. And we will also be announcing our count numbers in the last week or so. Along with the survey of what is -- what is happening with homelessness, and what we're seeing especially with foreclosures.

>> Councilmember Pyle: Sam.

>> Councilmember Liccardo: Thank you, Leslye, thank you for your great work. When I came into office two years ago, we didn't have one-stop centers, we didn't have medical respite, we didn't have pharmaceutical cards. I think that's a testament to your leadership. Thank you very much. I just had a

quick question or two about the outreach and engagement effort. I know that shelters were operating without being at full capacity as of a year or two ago. I imagine Connie's changed some of that but I'm wondering, with the outreach efforts are we actually seeing shelters being fully utilized at this point?

>> The shelter usage has stayed about the same. I get numbers every day and they range from 80% full capacity on up. With the outreach engagement efforts as Leslye said, it's really a slow process. So we're really having to go out there time and time again. Just to kind of gain that trust, to get them to come in for services. So we're not -- I think we're going to see people kind of dribble in. But these folks, they've got such a wide range of problems, and issues, and a lot of it is, they've lost trust in the system, or they've got such severe mental health issues or whatever it is that they don't want to come in. So it's really going to be taking quite a while.

>> Councilmember Liccardo: Okay, thank you.

>> But we do -- when we do get them to come in we do want our arms open and give them every possible service.

>> Councilmember Pyle: Rose. I'm sorry.

>> Councilmember Liccardo: The \$4.2 million, where is that going to be used?

>> Leslye Krutko: Specifically that is intended for retention and rapid rehousing. It is less of a tool helping the chronic homeless than it is for stopping homelessness which is a key. To know how many we have today and stop that pie from growing, we are working on what that will look like but I would venture to guess that it is going to have services that will help people connect with housing as well as rental assistance and maybe move-in assistance, other things like that to get them rapidly into housing.

>> Councilmember Liccardo: Okay, thanks.

>> Councilmember Herrera: I just want to say thank you Leslye for all the work and effort because it's just so important that we serve our community and that's all of our community whether they're in homes or not and help people get into homes. I'm very interested in numerical goals so I'll look forward to seeing that information. And are we anticipating at this point a big jump, is there any sense of that, or the last numbers we had based on --

>> Leslye Krutko: We were anticipating an increase. And our recent numbers aren't panning out as an increase. We have been housing people, and providing opportunities and I think we'll see a little bit of that in our results.

>> Councilmember Herrera: And then I think I visited one of the centers. I was canvassing for something for an issue. And I noticed a lot of veterans, lots and lots of veterans. And I'm wondering away% they may make up of the chronic -- that are in the housing and then is there any way to leverage more money from the federal government for this now? Because they're starting to increase amounts of money for veterans. There's a big veterans bill coming out and I'm wondering if we can leverage more money to help our funding.

>> I don't know exactly what the percentage of veterans is, we can get back to you on that. But there are a couple of really great veterans programs going, one is at the one-stop center that EHC has. They also have this greater partnership with Palo Alto and with HUD where they set aside a certain amount of section 8 vouchers, they're called Vash, for homeless veterans, so hopefully we'll see more of that.

>> Leslye Krutko: When we come back with the survey we'll have those numbers of veterans so you'll be able to see that.

>> Councilmember Herrera: Do you think there's any way we can leverage more money from the Veterans Administration or the money coming in the VA bill?

>> Leslye Krutko: We look for every cent we can find. If we can't apply for it, we try to get somebody else to do that. We are definitely doing everything we can.

>> Councilmember Pyle: You said it with such seriousness.

>> Councilmember Kalra: Thank you Leslye for all your hard work on this and it's an issue that's certainly important to all of us. And I worked as a public defender for 11 years, and one of the questions I have is, what would I see oftentimes, is that -- and as you both probably know, being homeless occurs often in stages. It's not like one time you're in home and one time you're on the street. Particularly when there's a struggling economy, you know, someone loses their job, they hang on for a little bit and oftentimes there will be a transition period where they're staying at different people's houses, little bit here, little bit there, relatives or friends, and then certainly as economic times get worse for them to house for those family members want to house them or just kind of their stay is not welcome anymore. And the other thing you'll see sometimes is living in their car. Moving from place to place, it is obviously a challenge to count. My question isn't in counting, how do you account for that or you can, is it realistic?

>> What they do for a count is there's a one day point in time count which folks literally go around and count people. But then, in addition to that, they do a number of surveys. And that's helpful for example of what you've been talking about with the cars or abandoned buildings or other places where we wouldn't want to send folks in. So in the survey they ask a number of questions including where did you sleep last night. And so using those survey questions they can get kind of a handle on how many folks are sleeping in not so visible areas, but still, not housed. And again, we'll have more information on that soon.

>> Leslye Krutko: And more people are on the streets or in the situation you mentioned in cars or in abandoned buildings than there are that are in shelters. So it's a greater population.

>> Councilmember Kalra: And I understand the challenges with it so I definitely appreciate, as we go forward we'll try to find new strategies in regards to an accurate count. In the Veterans Administration again when I was working at the public defender's office and the drug court, the VA was not cooperative. To get them to, for example, just fax progress reports on substance abuse treatments to the court, essentially they said no, we're the federal government, we don't want to work with anybody else, we don't have to. We would have to say okay, look, our clients would have to go to the VA and not say who it's for and then could you write to whom it may concerned, such like that. I'm curious if there's been any difficulty like that?

>> I know there's a veterans group with the Boccardo one-stop. Again this is a nonprofit working with the VA so I'm not sure exactly what that relationship is.

>> Leslye Krutko: That we do have connections there so a veteran will be able to connect with those services.

>> Councilmember Kalra: The nonprofit has a one-stop set up there?

>> It's housed at the one stop and specifically for homeless veterans to get them housed and they work at the VA to get all those benefits.

>> Councilmember Kalra: That's good to hear that looks like there's an integration happening easily.

>> And the goodwill actually has an incredible veterans employment program which includes emergency housing or emergency shelters for those folks in the program. And they're doing some really neat stuff along the lines of green building and getting veterans employed, and then off the streets permanently.

>> Councilmember Kalra: And what might be a good -- and again you might be doing this already so please pardon my indulgence, but that's a huge problem particularly in the veterans community, that there were services free of charge that the VA could offer them. And you know, so oftentimes would I spend a lot of my time outside the courtroom working with my clients and connecting them either at the Santa Teresa office or through Menlo park. If there's someone that doesn't go through the Boccardo center, could we look for services for folks that don't go through the Boccardo center?

>> Leslye Krutko: I think our approach would be to get them to go to the Boccardo center, to provide them all in the same spot, because what we'll pined is that people don't know about all the services, whether they're a veteran or not. And so they get some of what they need but not all of what they need. So this way they go through a single point and that person knows all of the services they need and make sure that they connect. So I think that's what we're hoping is that everyone will eventually go through one of the two one -- stops. There's also one that's for families and couples.

>> Councilmember Kalra: So they see a one-stop place for them to be set up for veterans benefits and everything else, a checklist for all the programs they may be eligible for. Thank you.

>> Councilmember Pyle: Thank you very much. And as a teacher of many, many years, I'm not going to say how many but I can tell you I've worked with the children that were part of the homeless scenario. And God bless them they don't want anybody to know but there's always telltale signs. So it's really really hard on kids. Whatever we can do I appreciate what you're doing, it's tremendous. Thank you very much. And with that I'm going to wait for a motion.

>> Councilmember Liccardo: Motion to approve.

>> Councilmember Herrera: Second.

>> Councilmember Pyle: All in favor, unanimously decided. We're ready to hear about SB 375.

>> Laurel Prevetti: Good afternoon, I'm Laurel Prevetti, assistant director for Planning, Building, and Code Enforcement. With respect to the time. Let me say I'm going to give you a brief summary, overview of SB 375. This is a multiyear implementation of this year. It will also be multidisciplinary. Leslye is work with me today and off of development, transportation, et cetera. SB 375 is a new bill signed last fall by the governor and it teams to reduce greenhouse gas emissions by essentially regulating land use and transportation. They are particularly interested in reducing emissions for light trucks and automobiles, sensing that all the other major sources, so the thought is that through land use and transportation

controls they can get at the 40% of the other amount of greenhouse gas emissions. The goal is part of another bill that you may have heard of, AB 32, assembly bill 32, which the state of California is committed to reduce our greenhouse gas emissions where we were, by 2020. The key goal of SB 375, is a plan, although they're careful not to call it a plan, for sustainable regional communities, that will integrate land use and transportation. The significance of this is that it will essentially be the driver, then, for our regional housing needs allocation, hence the need to really work closely with our housing department. As well, that it will need to be adopted together with the region's regional transportation plan. This is the plan that funds all of our transportation infrastructure. As you know, MTC last week just adopted their plan looking forward to the year 2035, so the next plan that the Metropolitan Transportation Commission considers must be consistent with the sustainable communities strategy. The key is that we - this will essentially be a driver as well for how dollars will flow to our local cities. So it is very important that while we're at the very beginning of the implementation that we pay close attention. Though implementation of this bill will occur through a group called the joint policy committee, and this is a body that consists of four regional agencies. The association of Bay Area governments, our air district, the Metropolitan Transportation Commission, and the bay conservation development commission. I know this is a lot of acronyms and I'm terribly sorry. But it does have relevance, that at a regional level, the regional agencies are trying to work together to be on this committee. Some of you serve on the boards of these regional agencies, you have to participate as a councilmember but as an ABAG member or perhaps in the future you will be appointed to one of these regional agencies so your familiarity is very, very important. So far all that has happened really is a time schedule and the beginnings of some ground rules as to how these four regional agencies will work together. We have as staff submitted our comments on those proposed ground rules. Our primary concern was making sure that the process for developing the strategy would be open and transparent, and that all governments would have the opportunity to participate in the technical models for the land use planning. We've also expressed concern about the role of the joint policy committee, vis-a-vis some of our other regional boards. It's going to be very challenging in a region with over 100 cities to have adequate voice particularly for our city where we are the largest one in the region, and we don't have a seat at that table. So we want to maintain our vigilance as best we can. The next milestone is really, watching what the joint policy committee does in May. They're expected to consider these ground rules. And then we'll be off and running. So I imagine that as you sit as an ABAG board member or in your other leadership capacities there will be an opportunity to comment. And I just want to assure you that your staff is here to support you in that effort, and when there are key milestones and opportunities for decisions, we will certainly bring it before you and the full council so we can be an active participant. Thank you.

>> Paul Krutko: Madam Chair, can I tag on a little bit? Laurel, just I want to talk about how we're organized a bit to share with the council. The first, that as Laurel has taken a leadership role on making sure we're in the right place on this, as far as the city's team, one was this notion that you evolve through leadership in one of the other regional organizations to be able to take your place as the member of the joint policy committee. So that leads me to the sort of the point I wanted to make, which is, it's very important, we know how much of a time commitment it is, I don't know whose phone that is, I don't think it's me, that the time commitment it can be for councilmembers to serve on these extraordinary bodies. We've come to the conclusion as your senior staff that it's vitally important that we stay on these committees and we participate. As you'll hear, tomorrow we are partying, the state agency, business transportation and housing has put out a call for regional recovery plans, another regional organization, took the lead on that to make sure our perspectives are presented. We need to be vigilant, Laurel's words, because of our needs in a city, many of these bodies have gotten sort of established Pecking orders as to who is on these bodies. Councilman Yeager has been pretty aggressive with the BAAQMD structure. I want to underscore what Laurel said. We are organize ourselves to be supportive. To that end we have created a group, an internal work team that we call a regional influence team. It's your senior staff who are concerned about these issues. We meet regularly. We're paying attention to what's going on, reaching out to each one of you to biff you the information, to be supportive. But we're trying to be organized on our side. We are looking at the opportunity as many of you know we have lamented that Cal Omeara left us to become secretary Omeara. With that creates an opening in my shop. What we would be doing is to have the person spend significant time on regional issues. We've asked Laurel to do a lot, psychologists in planning, so I think it's important, the senior staff can work on these things when we get together, but we need somebody to tie the glue together. Much as we did for the downtown coordinator, we think regional issues are really important. I want to underscore the pitch that we know that it is a

demand on time. It's causing you to pay attention to preparing for another agenda. It's causing you to go outside the community. But not to be parochial enough, we don't want to get hosed anymore, okay? And so some of us we have some calm heads in the regional influence and then we have some hot heads like me which are very aggressive and we really need to protect San José's interest. And so we think we're giving you the right balance on how to do that. And so we're just -- we want to you stay tuned and look forward to your help with us on this.

>> Councilmember Pyle: I've got two very good sound legal minds involved in this, that's great. Yes. Questions?

>> Councilmember Herrera: No, I'm just -- when there's an opportunity I look forward to stepping up to that because I'm very supportive of what we are doing regionally.

>> Councilmember Pyle: Okay, Sam.

>> Councilmember Liccardo: I just want to emphasize, I think the point is made about policy number 7 is important, we do not have a seat on JPC and we're underrepresented on MTC. If you're looking for somebody who wants to be cranky and regional about it, I'm happy to be that person.

>> Paul Krutko: Again underscoring what I said, the way you've gone to the JPC means that we're at a disadvantage right out of the box.

>> Councilmember Pyle: I would like to thank Laurel. Do you go to all of those meetings?

>> Laurel Prevetti: Not all of them, no.

>> Councilmember Pyle: You go to more than your share. We really appreciate your participation and your guidance.

>> Laurel Prevetti: Thank you very much.

>> Councilmember Pyle: We're ready for a motion.

>> Councilmember Liccardo: Motion to adjourn.

>> Councilmember Pyle: We have open forum. One lonely individual back there.

>> I come for some -- to give you some solutions. That's it. You've been beaten up on enough today. One is the economic side of the ledger, three solutions, one, going after the fast cent as opposed to the slow dime. But to solve some of the local economics. Create a fund for a regional professional barbecue circuit to come in to augment festivities throughout the year. Tide in with a bluegrass festival, you see it in San Francisco every couple of years, they have the bluegrass festival. The professional barbecue circuit acknowledge the seed capital is nominal for prize money, 50 to \$100,000 top prize with a sliding scale downwards and other amenities that you could entice these folks to come in. Memphis in May, just go to that Website and look at that as a potential model. Now, this SB 375, this goes to the issue which I've talked about a long time is sustainable agriculture, to reduce the transportation aspect of food. Also, in relation to the numbers of people, 40 to 60% unemployed in the central valley because of the water cutoff, where do you think these people are going to be coming to? But the food and the food and housing can all be intertwined with how you use water pollution control plant farmland. What I've talked to again. They have a lot of undergroundwater that can be used. The water district doesn't talk about that. Well, there's certain percentage of that that has to keep the saltwater from intruding. I want to write this plan down because there are significant structural problems with failed business models both from the Office of Economic Development and the housing department. That left unattend without being changed are going to fail, catastrophically, because they rely on tax revenue for them to give out section 8 vouchers, for example. That is going to dry up. Two, those section 8 vouchers destroy neighborhoods. So you've got code enforcement props and all sorts of ancillary problems. So have you to reinvent everything you do and that is a challenge. And there is hope in there because through this is innovation. And put San José on the map for something creative instead of the old failed business models that everybody keeps funneling money into. Thank you and I hope the solutions were better than what you heard.

>> Councilmember Pyle: Thank you, David, we appreciate that very much. With that we are ready to adjourn.

>> Councilmember Herrera: Motion to adjourn.