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CITY OF SAN JOSÉ, DECEMBER 17TH, 2009

>> LET'S TRY TO GET STARTED WITH A NOVEL KIND OF A MEETING. THIS IS BEING CALLED "A STAKEHOLDER ENGAGEMENT DISCUSSION." AND I WANT TO THANK YOU EVERYONE FOR COMING TO PARTICIPATE IN THIS EXPERIMENT. A DIFFERENT KIND OF A MEETING EARLIER IN THE PROCESS OF DEALING WITH OUR BUDGET THAN EVER BEFORE, BUT WE'RE FACING BUDGET PROBLEMS BIGGER THAN WE HAVE IN THE PAST FEW YEARS, SO WE WANTED TO GET A RUNNING START IN THE BEGINNING OF YEAR TO JUMP OVER THE GAP. WE KNOW THE OUTCOME OF THIS DISCUSSION. SO ON JUNE 30TH, WE'RE GOING TO HAVE A BALANCED BUDGET. AND I SAY THAT KNOWING THAT WE HAVE NO CHOICE. WE WILL HAVE A BALANCED BUDGET. SO IT'S NOT LIKE THE STATE OF CALIFORNIA, WHERE THEY HAVE THESE GREAT GIMMICKS WHERE THEY CAN USE AND THE FEDERAL GOVERNMENT HAS PRINTING PRESSS THAT THEY CAN PRINT MONEY. WE'LL HAVE A BALANCED BUDGET THE OLD-FASHIONED WAY, BUT BETWEEN HERE AND THERE, THERE IS A LOT OF WORK TO DO AND A LOT OF DIFFICULT CHOICES THAT WE HAVE TO DO. WHEN WE START TALKING ABOUT YOUR BUDGET PROCESS FOR THIS YEAR, WE ALREADY HAVE A COMMUNITY-BASED BUDGETING PROCESS THAT WE PUT IN PLACE WHEN I BECAME MAYOR. IN JANUARY WE'LL DO A POLL OF OUR RESIDENTS, BECAUSE AS GOOD AS ALL OF YOU ARE, YOU ARE ONLY A SMALL PIECE OF THE ENTIRE POPULATION OF CITY OF SAN JOSÉ. SO WE WANT TO DO THIS POLL TO GET A BROAD PERSPECTIVE OF ALL THE PEOPLE, A SCIENTIFIC SURVEY, RANDOMLY SELECTED THAT REPRESENTS THE BROAD RANGE OF PEOPLE IN SAN JOSÉ. WE'LL DO THAT IN JANUARY AND WE'LL HAVE A NEIGHBORHOOD ASSOCIATION SESSION PRIORITY SETTING SESSION HERE IN JANUARY AS WELL. MANY OF YOU HAVE PARTICIPATED IN THAT IN THE PAST YEARS AND I HOPE YOU COME BACK. AND THEN WE'LL HAVE A COUNCIL/SENIOR STAFF PRIORITY-SETTING SESSION IN FEBRUARY AND WE'LL DO WHAT IS CALLED "THE MAYOR'S BUDGET MESSAGE." SO TODAY IS REALLY A WORKSHOP, HEADING TOWARDS THAT BUDGET MESSAGE THAT I HAVE TO PUT TOGETHER TO MAKE RECOMMENDATIONS TO THE COUNCIL; THAT THE COUNCIL WILL APPROVE IN SOME FORM IN MARCH, SETTING THE FRAMEWORK FOR WHAT THE MANAGER HAS TO DO BETWEEN MARCH AND THE FIRST OF MAY, WHEN SHE HAS TO DELIVER US A BALANCED BUDGET BASED ON THE FRAMEWORK WE HAVE SET IN MARCH. SO THIS IS AN EARLY START, BECAUSE WE HAVE A LOT OF WORK TO DO. THE COUNCIL WANTED TO TRY TO GET TO THE COMMUNITY AND THE STAKEHOLDERS MORE ENGAGED IN THE PROCESS EARLIER, AND THAT IS WHY WE'RE HERE SO EARLY IN THE YEAR, EFFECTIVELY QUITE A BIT AHEAD OF THE DISCUSSIONS THAT WE WOULD ORDINARILY HAVE. THERE ARE A COUPLE OF THINGS THAT WE'RE GOING TO TRY TO DO THIS MORNING. THERE ARE HANDOUTS AND IF YOU DIDN'T SIGN IN WHEN YOU GOT HERE AND GET THE HANDOUTS, YOU SHOULD DO THAT. THERE IS AT LEAST A PLACE IN THERE THAT WE'RE GOING TO ASK YOU TO RESPOND IN WRITING TO SOME ISSUES. WHAT I WOULD LIKE TO DO IS START WITH AN OVERVIEW AND THIS IS NOT INTENDED FOR ME TO BE TALKING. THIS IS ULTIMATELY GOING TO BE LOTS OF CONVERSATION AND DISCUSSIONS, QUESTION AND ANSWERS ALONG THE LINES OF WHAT WE DID WITH THE REDEVELOPMENT BUDGET WORKSHOP I HAD LAST MONTH, WHICH PEOPLE THOUGHT WAS PRODUCTIVE AND USEFUL IN THE WAY WE RAN IT. IT'S KIND OF MODELED ON THAT, BUT IT'S A LITTLE DIFFERENT AND WE'RE KIND OF MAKING IT UP AS WE GO ALONG. IF YOU DON'T LIKE IT, LET US KNOW AND WE'LL DO IT DIFFERENTLY IN THE FUTURE. WE DO HAVE SEATS FOR EVERYBODY. LET ME JUST START WITH THE OVERVIEW. TO FRAME THIS UP WE'RE LOOKING AT TRYING TO CLOSE A GAP OF AROUND \$96 MILLION AND THAT IS A PROJECTION BASED ON ESTIMATES AND PROJECTIONS. SO IT'S IFFY, BUT WE'RE LOOKING OUT TO NEXT YEAR, TRYING TO PREDICT NOW WHAT IS HAPPENING NEXT FISCAL YEAR STARTING JULY 1ST. IT COULD GO UP; IT COULD GO DOWN, BUT FOR PURPOSES OF PLANING AND BUDGETING THAT IS THE NUMBER THAT WE'RE WORKING WITH. OUR STAFF IS CONSTANTLY TRYING TO UPDATE THAT. THERE ARE SOME REASONS IT COULD GO UP OR DOWN. I HAVE NOTED A COUPLE OF THEM THERE. THE POTENTIAL ADDITIONAL COSTS LOSSES FROM STATE BUDGET ACTION. THAT TO ME IS THE GREATEST RISK OF THAT NUMBER GOING UP, BECAUSE WE KNOW IN THE LAST BUDGET ARGUMENT AT THE STATE LEGISLATURE THAT THE LEGISLATURE LEFT SOME MONEY ON THE TABLE FOR US AND THAT WAS ABOUT \$16 MILLION FOR THE CITY OF SAN JOSÉ. OUR SHARE OF WHAT IS CALLED "THE HIGHWAY USERS TAX ACCOUNT." THAT PASSED THE ASSEMBLY AND THE GOVERNOR SAID

HE WOULD SIGN IT, BUT IT FAILED IN THE ASSEMBLY, THANKS TO LOBBYING EFFORT BY THE BIG TEN CITY MAYORS AND LEAGUE OF CALIFORNIA CITIES AND OTHER ORGANIZERS; IT FAILED IN THE ASSEMBLY. I BELIEVE THAT WILL BE BACK ON THE TABLE AS SOON AS THE STATE LEGISLATURE STARTS TO THINK ABOUT HOW THEY ARE GOING TO CLOSE THE ALREADY KNOWN BUDGET GAP. SO THAT IS ANOTHER \$16 MILLION THAT I AM WORRIED ABOUT. THE OUTLOOK FOR THE CITY REMAINS WEAK, MAINLY BECAUSE THE ECONOMY REMAINS WEAK AND WE KNOW THAT REVENUES FOR LOCAL GOVERNMENTS TEND TO LAG THE ECONOMIC RECOVERY. SO WHILE THE RECESSION MAY BE OVER, MAYBE WE TURNED THE CORNER, THE NATIONAL LEAGUE OF CITIES FIGURES IT'S 18 MONTHS TO TWO YEARS BEFORE YOU START TO SEE AN INCREASE IN REVENUES IN LOCAL GOVERNMENTS IN GENERAL. SO THINGS COULD GET WORSE. WE HOPE THAT THEY HAVE FLATTENED OUT AT LEAST AND WILL START TO IMPROVE A BIT. BEFORE I GET FURTHER, I THINK I HAVE MOST OF THE COUNCIL MEMBERS HERE. SO I WANT TO INTRODUCE THEM, SO YOU ALL KNOW THEY ARE HERE. COUNCIL MEMBER LICCARDO, ET CETERA. AND I THINK WE'LL BE JOINED BY THE REST OF THE COUNCIL MEMBERS BEFORE WE GET DONE. LET'S GO TO THE NEXT SLIDE. THESE ARE THE RANGE OF ALTERNATIVES THAT WE'RE LOOKING AT TO CLOSE THIS \$96 MILLION GAP. IT'S REALLY RELATIVELY A SHORT LIST. THERE ARE ONLY THREE THINGS ON THERE. INCREASE REVENUES IN SOME FASHION. REDUCE COSTS PER EMPLOYEE OR ELIMINATE EMPLOYEES -- REDUCE SERVICES TYPICALLY MEANS ELIMINATING JOBS BECAUSE OUR PEOPLE PROVIDE SERVICES. THAT IS WHAT THEY DO AND THERE ARE OTHER THINGS, BUT THESE ARE THE THREE BIG ONES. TODAY WE'RE NOT TALKING ABOUT ALL OF THOSE. THE COUNCIL HAS DIRECTED THE STAFF TO ENTER INTO NEGOTIATIONS WITH ALL OF OUR BARGAINS UNITS TO TRY TO SAVE 5% ON THE COST OF EMPLOYEES. IF WE ARE SUCCESSFUL THAT WOULD COVER ABOUT A THIRD OF THIS \$96 MILLION GAP. THOSE NEGOTIATIONS HAVE STARTED AND THEY WILL BE ONGOING THROUGHOUT THE REST OF YEAR. AND SO WE'RE NOT REALLY GOING TO TALK ABOUT THOSE THIS MORNING, BUT WHAT I DO WANT TO TALK ABOUT THIS MORNING IS REALLY IN THE REVENUE AREAS AND REALLY IN AREAS THAT WE COULD REDUCE COSTS/ELIMINATE SERVICES IN SORT OF A GLOBAL FASHION. WHAT ARE THE NEW REVENUES? WE'LL TALK ABOUT THOSE AND GET YOUR IDEAS, THOUGHTS AND QUESTIONS AND TRY TO DEAL WITH ALL THE NEW REVENUE POSSIBILITIES, BECAUSE WE WILL INCLUDE THOSE IN THE POLL IN JANUARY AND WE NEED TO DECIDE WHICH ARE ARE THE ONES THAT ARE MOST LIKELY TO BE SUPPORTED BY THE VOTERS. I WOULD ALSO WANT TO ASK ABOUT NOT WHAT SERVICES AND PROGRAMS WE SHOULD CUT, LIKE WE DO WITH A JILLION THINGS TO CONSIDER, BUT THE FOCUS AREAS AND PROGRAMS THAT WE SHOULD JUST GET OUT OF BUSINESS OF, BECAUSE WE DO GET CRITICISM OR SUGGESTIONS FROM TIME TO TIME THAT WE ARE DOING THINGS THAT WE SHOULDN'T BE DOING THAT ARE NOT CORE SERVICES, NOT ESSENTIAL SERVICES AND SO I WANT TO GET THAT ON THE TABLE. WE'LL END THE MEETING WITH HOPEFULLY TWO GROUPS, ONE A GROUP OF POTENTIAL REVENUE SOURCES AND THE OTHER IS A GROUP TO CONSIDER OF NOT DOING ANYMORE. BECAUSE WHEN HE LOOK AT THE KIND OF GAP THAT WE HAVE, IT'S CLEAR THAT WE'LL HAVE TO LOOK AT PROGRAMS AND THERE IS ANOTHER PRIORITIZATION OF PROGRAMS WITHIN DEPARTMENTS UNDERWAY, WITH OTHER STAKEHOLDERS ENGAGED AND THAT IS A PARALLEL PROCESS, REALLY GETTING INTO THE DETAILS OF THAT AND THE CITY MANAGER IS WORKING THROUGH A PROCESS WITH OUR EMPLOYEES AND OTHER STAKEHOLDERS. BUT I WANT TO GET ON THE TABLE ALL OF THOSE QUESTIONS. SO WHAT I WOULD LIKE TO DO IS TURN TO THE INCREASES REVENUES AND COUNCIL MEMBER HERRERA JUST JOINED US. TURN TO THE INCREASED REVENUES PORTION OF THE DISCUSSION. THE CITY MANAGER AND HER STAFF ARE ALWAYS WORKING ON TRYING TO SOLVE THE BUDGET PROBLEM. IT'S A NONSTOP ISSUE AND THEY HAVE BEEN LOOKING AT NEW REVENUES AND THE POSSIBILITY OF FINDING NEW MONIES AND THEY ARE LOOKING AT FEES. WE HAVE A POLICY OF COST-RECOVERIES ON FEES. THERE ARE AREAS THAT WE ARE NOT CURRENTLY AT COST-RECOVERY THAT WE COULD BE. THERE ARE SOMETIMES TRANSFERS AND REIMBURSEMENTS THAT WE COULD GETTING TALKING IN THE RANGE OF \$4 TO \$10 MILLION THAT THE CITY MANAGER HAS IDENTIFIED AND THAT WORK WILL CONTINUE. SO THERE IS THAT POSSIBILITY. THE OTHER POSSIBILITY IS NOT ON THIS LIST IS WHAT I CALL "MANNA FROM HEAVEN." IF YOU CONSIDER WASHINGTON HEAVEN,

WHICH IS PROBABLY A STRETCH FOR THE METAPHOR, THE ANALOGY, BUT LAST NIGHT THE HOUSE PASSES THE JOBS FOR MAINSTREAM ACT AND IN THAT ACT, THE HOUSE VERSION, THE SENATE HASN'T TAKEN IT UP YET, BUT THERE IS MONEY FOR LOCAL GOVERNMENTS. THE REAL QUESTION IS HOW MUCH AND WILL IT LAST AND WILL WE GET IT? I WAS IN WASHINGTON LAST MONTH AND MET WITH THE PRESIDENT'S AND VICE PRESIDENT'S ECONOMIC ADVISORS AND THEY WERE TALKING ABOUT THE IDEAS OF HOW THEY MIGHT GET FUNDING IN THIS KIND OF BILL. AND LOOKING AT THE SIZE OF BILL THEY TALKING ABOUT \$50 BILLION FOR WHAT THEY CONSIDER TO BE LOCAL GOVERNMENTS, STATES, COUNTIES, SCHOOLS, ULTIMATELY CITIES. JUST LOOKING AT THE STIMULUS PACKAGE AND THE MONEY THAT CAME TO LOCAL GOVERNMENT AND THE STATE TAKES A PIECE AND MOST OF IT WENT TO EDUCATION. I THINK 80% WENT TO EDUCATION, BUT IN THE CONVERSATION WITH THE WHITE HOUSE AND THE PRESIDENT'S ADVISORS AND I WAS PART OF A GROUP OF NATIONAL LEAGUE OF CITIES AND WE WERE URGING THEM TO THINK ABOUT TRYING TO GET THE MONEY DIRECTLY TO THE LOCAL GOVERNMENT, SUCH AS THE REVENUE-SHARING PROGRAM BACK IN THE '70S AND EARLY '80S WHEN THE GOVERNMENT SLICED UP MONEY TO THE STATE AND LOCAL GOVERNMENTS. BECAUSE WE KNOW NOT JUST IN CALIFORNIA, BUT OTHER STATES THAT WHEN THE STATE GETS MONEY, IT DOESN'T TRICKLE DOWN VERY FAR. SO WE'RE TRYING TO GET DIRECT FUNDING AND GIVEN THE SIZE OF THE COUNTRY AND THE AMOUNT OF MONEY, I THINK IF YOU DO THE MATH, WE'RE LESS THAN \$10 MILLION, BEST-CASE SCENARIO, COMING OUT OF THE FEDERAL GOVERNMENT. THAT WOULD BE WONDERFUL. OF COURSE IT'S ONE-TIME FUNDING, PROBABLY, BUT EVERY MILLION DOLLARS COUNTS. SO THAT IS SOMETHING THAT WE'LL CONTINUE TO WORK ON WITH IN WASHINGTON AND THE NATIONAL LEAGUE OF CITIES AND OTHERS. I WANT TO TALK ABOUT THE OTHER POSSIBLE WAYS TO INCREASE REVENUES. AND THIS DISCUSSION IS NOT THE FIRST TIME WE HAVE TALKED ABOUT THESE AND YOU WILL SEE THIS LIST. YOU HAVE A COPY IN THE HANDOUTS. THIS IS SORT OF THE LIST WE'RE WORKING WITH NOW. WHAT I WANT TO DO IS LET ANYBODY WHO HAS COMMENTS OR QUESTIONS ON THIS LIST TO TALK ABOUT AND ASK FOR WHATEVER OTHER IDEAS THAT PEOPLE HAVE FOR INCREASING REVENUES. WE HAVE BEEN TALKING ABOUT THIS FOR SOME TIME. WE HAVE DONE SOME POLLING. STAFF HAS DONE A LOT OF ANALYSES ON THESE, SOME MORE THAN OTHERS, AND SO THIS IS THE SHORT LIST OF THINGS THAT ARE POSSIBLY VIABLE, BASED ON OUR PREVIOUS ANALYSES. SO I JUST WANTS TO BREAK THIS LIST INTO TWO PIECES, THE EASY AND HARD, NOT THAT ANYTHING IS REALLY "EASY," BECAUSE IT'S EASIER TO GET TO 50% THAN TWO-THIRDS. SPECIAL TAXES REQUIRE TWO-THIRDS AND GENERAL TAX REQUIRES A 50% VOTE. THERE HAVE BEEN POLLS THAT HAVE BEEN DONE THAT SHOW THAT SOME OF THESE ARE VIABLE WHEN YOU PUT THEM TO THE VOTERS, BUT A LOT OF THINGS HAVE HAPPENED SINCE WE DID OUR LAST POLL, LIKE THE STATE RAISED TAXES AND SALES TAXES HAVE GONE UP. WE'LL GO THROUGH THESE AND I HAVE A FEW COMMENTS TO SET IT UP, BUT THEN WE'LL TAKE EACH ONE AND COMMENTS AND ANSWERS AND QUESTIONS THAT ANYBODY HAS, IT'S VERY INFORMAL. YOU CAN ASK AS MANY QUESTIONS AS YOU WANT AND COUNCIL MEMBERS ARE GOING TO PARTICIPATE. WE'RE TRYING TO GET ENGAGED, NOT TO GET MARRIED, BUT SOLVE THE BUDGET PROCESS. [LAUGHTER] LET'S TALK ABOUT THE SALES TAX, THE ONE WITH THE GREATEST DOLLAR POTENTIAL, DEPENDING ON HOW YOU DO DID IT. OUR CURRENT RATE, REMEMBER THE STATE JUST RAISED RATE WITH SALES TAX LAST YEAR, 9.25%. WE ONLY GET ONE POINT OUT OF THAT, BUT IT DOES GENERATE A LOT OF MONEY, \$120 MILLION. SO A HALF A POINT INCREASE WOULD BE \$60 MILLION. WE'RE NOT ALLOWED TO DO 1/8TH. IT COULD TAKE SPECIAL STATE LEGISLATION TO ALLOW US TO SLICE IT THAT THIN. WE HAVE POLLED IN THE PAST AND IT POLLED ABOVE 50%, BUT THAT WAS OVER A YEAR AGO. SO LET'S JUST STOP HERE AND TALK ABOUT THIS ALTERNATIVE. ANY QUESTIONS PEOPLE HAVE GOT? [INAUDIBLE]

>>>WE'LL HAVE SOME MICROPHONES THAT WE'LL PASS AROUND, AND IF NOT I WILL REPEAT THEM. WE CAN PROPOSE ANY STRUCTURE TO THE VOTERSS ALONG AS IT IS APPROVED BY THE VOTERS. PEOPLE ARE SUSPICIOUS OF SUN SETS BECAUSE THE SUN NEVER SEEMS TO GO DOWN, BUT IT IS POSSIBLE. YOU CAN STRAUR THAT AND THAT IS THE KIND OF THINGS THAT WE WOULD WANT TO POLL ON, IF WE STRUCTURED IT IN SUCH A WAY, COULD YOU GET TO THE MAGIC 50% PLUS ONE? YES, MA'AM? [INAUDIBLE] .

>> WELL, THE IMPACT OF SALES GOING TO OTHER CITIES IS AN ISSUE. CAMPBELL JUST INCREASED THEIR SALES TAX AS A GENERAL TAX AND THAT IS PART OF THE ANALYSIS THAT WE WOULD HAVE TO DO, BECAUSE ALTHOUGH IT RAISES A LOT OF MONEY, YOU MIGHT LOSE SOME SALES AND WE GET LESS OTHER THAN OUR FAIR SHARE OF TAX REVENUES AS IT IS, BECAUSE PEOPLE SHOP IN OTHER CITIES. NANCY

>> I WAS GOING TO SAY THE \$120 MILLION IS IN GOOD TIMES?

>> \$120 MILLION GOOD TIMES OR BAD TIMES, THAT IS OUR CURRENT REVENUE. SO IT'S IN NOT SO GOOD TIMES. IN REALLY GOOD TIME IT'S SUBSTANTIALLY MORE. [INAUDIBLE]

>> WHAT THEY HAVE DONE IS THE STRATEGY THEY HAVE EMPLOYED -- I THINK IT'S A GENERAL SURVEY [INAUDIBLE]

>> WHERE ARE THE MICROPHONES? I DON'T THINK EVERYBODY COULD HEAR YOU. THE COMMENT WAS WE LOOK AT THE REGION AND NOT JUST IMMEDIATE NEIGHBORING CITIES AND DO A SURVEY AND SEE WHERE PEOPLE ARE ON THEIR RATE AS PART OF THE ANALYSIS. SAM.

>> I KNOW WE HAD AN ISSUE ABOUT THE MEASURES AND MY QUESTION IS CAN WE CONSIDER HOW WE CAN LINK THIS WITH ANOTHER BALLOT MEASURE THAT WOULD RELATE TO CUTS SO THAT VOTERS AT SAME TIME AS APPROVING THIS WOULD UNDERSTAND THAT WE'RE TIGHTENING OUR BELTS -- --

>> I DON'T KNOW THE ANSWER TO THAT. WE HAVE LAWYERS HERE WHO MIGHT BE AND TO ANSWER THAT. THAT IS ONE OF THE ISSUES AND IN TERMS OF OUR POLLING, THAT IS ONE WAY YOU WANT TO SETUP THE POLL. YOU ASK THE QUESTION, BUT YOU GET THE ANSWER. IF CERTAIN THINGS HAPPEN WOULD YOU BE MORE LIKELY TO SUPPORT A TAX? WE HAVE DONE IN OUR PAST POLLS TO FIND OUT WHAT THE ISSUES AND ARGUMENTS WOULD BE. I DON'T KNOW IF THEY COULD BE DIRECTLY LINKED OR NOT.

>> THAT WOULD BE SOMETHING THAT WE HAVE TO LOOK AT, BUT MOST BALLOT MEASURES HAVE TO HAVE A SINGLE ITEM ON THERE. USUALLY WHEN YOU HAVE ITEMS THAT YOU WANT TO TIE TOGETHER THEY ARE TWO DIFFERENT BALLOT MEASURES ON THE SAME BALLOT. BALLOT MEASURES HAVE BEEN CHALLENGED THAT IN FACT YOU ARE PUTTING TOO MANY THINGS IN ONE ITEM THAT SHOULD BE THE VOTE OF PEOPLE.

>> 8% SALES TAX RAISED FOR B.A.R.T., SO NO ONE HAS CHALLENGED THAT AND IT'S A CONTINGENT MEASURE.

>> IT DOESN'T BECOME EFFECTIVE UNTIL CERTAIN THINGS HAPPEN AT THE FEDERAL LEVEL. PIERLUIGI SAYS IN YOUR CASE, WE NEED THE MONEY, SO IS THAT ONE OF CONTINGENTS? [LAUGHTER] I THINK WE'LL PROBABLY MEET THAT CRITERIA. OTHER QUESTIONS OR COMMENTS ON THE SALES TAX ISSUE? YOU WILL NOTE THE BLUE SHEET THAT WE HANDED OUT, WE WILL ASK YOU AT THE END TO IDENTIFY THE REVENUE MEASURES THAT YOU THINK ARE THE MOST IMPORTANT ONES FOR US TO POLL ON. AND THEN THERE IS ROOM FOR OTHER SUGGESTION AS WELL. ANYTHING ELSE ON SALES TAX? I CAN'T QUITE SEE THE WHOLE ROOM FROM HERE, SO I MAY MISS SOMEBODY DOWN THERE. LET'S GET A MICROPHONE.

>> I AM JUST WONDERING ON THE SALES TAX AND THIS IS PURELY BRAINSTORMING OUT OF THE BOX, IF WE DID DO THAT INCREASING, WOULD THERE BE SOME INCENTIVE? COULD WE HAVE SOME INCENTIVE THERE TO APPLY TO ABOVE A CERTAIN LEVEL OF SALES REVENUE, A REBATE? COULD THERE BE SOME INCENTIVE THERE TOO?

>> I DON'T KNOW IF ANYBODY HAS AN ANSWER TO THAT QUESTION AT THIS POINT.

>> WE'LL HAVE TO LOOK AT ISSUE. REBATES ARE ACTUALLY REIMBURSEMENTS. THERE ARE RESTRICTIONS ON THE TYPE OF REBATES THAT COULD BE DONE, BUT WE COULD LOOK AT TO MAKE CERTAIN THAT WE COULD STRUCTURE IT IN WAY THAT WORKS THAT WAY.

>> IN THE AREA OF THE REBATE IDEA, I'M NOT SURE, ROSE, BECAUSE I HAVEN'T HAD A CHANCE TO TALK ABOUT THIS. WE'RE JUST REACTING TO THIS. IF WE WERE TO STRUCTURE IT IN SUCH A WAY THAT SOME OF OUR MAJOR SALES TAX SOURCES COULD GET REBATES, THROUGH SOME KIND OF INCENTIVES FOR FUTURE DEVELOPMENT, SUCH AS IF YOU COME TO SAN JOSÉ AND PUT IN A CAR DEALERSHIP AND WE GET SALES TAX INCREASE, MAYBE YOU GET A PIECE OF IT. OR PUT IN A HOTEL AND WE USE THE SALES TAX TO OFFSET THE COST OF DEVELOPMENT OR SOMETHING. THOSE ARE AREAS IF WE WERE TRYING TO INCREASE

OUR SALES TAX REVENUES GENERALLY, WE MIGHT BE ABLE TO BUILD THAT INTO SOME SORT OF PROPOSAL, BUT I THINK WE HAVE A LAWYER'S OPINION ON IT.

>> AS I SAID, WE DO HAVE SOME PROGRAMS THAT ALLOW FOR REIMBURSEMENTS THAT ARE EQUAL -- --

>> I'M SORRY, I NEED TO HAVE OUR STAFF INTRODUCE THEMSELVES, I FORGOT TO SAY THAT.

>> ED, CITY ATTORNEY. WE HAVE PROGRAMS AND INCENTIVES FOR COMPANIES AND BUSINESSSES THAT COME TO THE CITY OF SAN JOSÉ WHERE WE PROVIDE REIMBURSEMENT OF TAXES ABOVE THE NEW NET REVENUES THAT WE RECEIVE. THEY ARE EQUAL TO A PERCENTAGE OF THE TAXES THAT HAVE BEEN PAID. SO WE DO HAVE A WAY OF STRUCTURING SOME REIMBURSABLE PAYMENTS BACK TO THE ENTITIES WHO PROVIDE US WITH THE INCREASE IN SALES TAX. AS I SAID BEFORE, THERE ARE SOME LIMITATIONS UNDER STATE LAW, SO WE WOULD HAVE TO LOOK AT IT TO MAKE SURE IT APPLIES IN THE SITUATIONS THAT WE'RE TALKING ABOUT.

>> ANYBODY ELSE WITH QUESTIONS OR COMMENTS ON THE SALES TAX ONE? YES, SIR?

>> IF YOU HAVE SPECIAL INCENTIVES FOR SOMEONE TO COME INTO TOWN TO START A CAR DEALERSHIP OR WHATEVER, THAT KIND OF PENALIZES THE GUY WHO WORKS BY THE RULES WHO HAS BEEN HERE FOR YEARS AND SAYS, HEY, I HAVE BEEN HERE ALL OF THESE YEARS SUPPORTING THIS STUFF AND THIS GUY COMES IN AND SAYS THAT IS NOT FAIR.

>> ONE THING I WANT TO SAY ABOUT THE PROPOSALS IN GENERAL, THE LAST ELECTION CYCLE THERE WERE LOTS AND LOTS OF TAX REVENUES ON THE BALLOTS IN LOTS OF DIFFERENT AREAS AND IT'S PRETTY HARD TO GENERALIZE, BUT I HAVE SEEN SEVERAL PEOPLE WHO DID ANALYSES AND CAME TO THE CONCLUSION THAT YOU CAN WIN ON THE MEASURES IF EVERYBODY IS MOVING TOGETHER ON IT AND YOU HAVE GOT BROAD SUPPORT AND THE COUNCIL IS UNITED AND SORT OF BUSINESS AND LABOR, AND EVERYBODY SAYS IT'S A GOOD IDEA AND CAN YOU WIN. IF THERE IS A BIG FIGHT, YOU DON'T DO VERY WELL. SO PART OF THIS ANALYSIS IS TO FIGURE OUT HOW WE CAN GET EVERYBODY TO AGREE AND HOW WE STRUCTURE TO GET THE BROADEST SUPPORT FROM STAKEHOLDERS. SO THAT IS PART OF WHAT WE HOPE TO GET OUT OF THIS IS SOME SENSE OF THE THINGS THAT MAKE SENSE FOR OUR COMMUNITY, AND THEN WE'LL POLL ON THEM AND ULTIMATELY TRY TO FIND SOMETHING THAT THERE IS SUFFICIENT SUPPORT ON TO TAKE THE RISK OF PUTTING ON THE BALLOT. ANYTHING ELSE ON SALES TAX?

>> THIS IS ACTUALLY RELATED TO THE FORMAT THAT I GOT AN EMAIL WHERE SOMEONE IS WATCHING ONLINE AND WILL THEY HAVE AN OPPORTUNITY TO FILL OUT THE BLUE SHEET TO TURN IN? MAYBE THAT IS SOMETHING THAT WE COULD FIGURE OUT OR PUT A PDF ON THE WEBSITE THAT THEY COULD PRINT IT OUT AND SUBMIT IT. [INAUDIBLE]

>> THEY ARE WATCHING ONLINE AND IT'S BEING BROADCAST AND I THINK THAT IS A GOOD IDEA TO FIGURE OUT A WAY THAT OTHER PEOPLE CAN PARTICIPATE, BECAUSE USUALLY WHEN WE DO THIS, WE HAVE AN ONLINE VERSION AND COUNCIL MEMBER HAS THAT. ARMANDO, DO YOU WANT TO TALK ABOUT THAT?

>> WE CAN POST IT ONLINE AFTER THE MEETING.

>> YOU CAN ALWAYS EMAIL COUNCIL MEMBER KALRA. SAM IS GOING TO CHECK FACEBOOK. WE'LL DO IT IN REAL-TIME. ANYTHING ELSE ON THIS PARTICULAR ITEM? ALL RIGHT. LET'S MOVE TO THE NEXT ONE. THAT IS TO INCREASE OR BROADEN THE DISPOSAL FACILITY TAX. IT IS A SIGNIFICANT SOURCE OF REVENUE. SO IF YOU WANT TO GO DUMP SOMETHING AT THE DUMP, WHEN YOU DUMP IT, YOU GET A CHARGE PER TON. RECYCLED MATERIALS ARE HANDLED DIFFERENTLY. SO THIS IS REALLY THE DUMPING FEE. WE COULD INCREASE IT, AS YOU CAN SEE THERE TO GENERATE ANOTHER \$4 MILLION, IF IT WENT FROM \$12 OR \$13 MILLION A TON, \$17.5 MILLION A TON. WE COULD PICK A NUMBER, BUT INCREASING IT DOES GENERATE SOME MONIES. WE ALSO HAVE THE ISSUE OF DECREASING THE NUMBER OF PEOPLE WHO USE IT, BECAUSE IT'S MORE EXPENSIVE, ENCOURAGES RECYCLING, BUT THERE IS A POSSIBLE REVENUE INCREASE THERE. WE COULD ALSO BROADEN THE DEFINITION OF WHAT GETS DUMP AND AGAIN, THIS DOES REQUIRE VOTE APPROVAL. ONE OF THE ISSUES ABOUT TRYING TO FIGURE OUT WHAT GOES ON THE BALLOT IS HOW MUCH MONEY CAN YOU RAISE RELATIVE TO THE GRIEF THAT YOU HAVE TO GO THROUGH? SO THE SALES TAX, THIS ONE WE'RE TALKING \$4, \$5, \$6 MILLION. THE SAME COST TO PUTTING IT ON

THE BALLOT. THERE IS A PER UNIT CHARGE THAT WE PAY AND THEN THE QUESTION IS FROM A CAMPAIGN STANDPOINT, WHAT DO YOU DO? HOW DO YOU RAISE THE MONEY? AND HOW DOES THAT HAPPEN? SO THE LESS AMOUNT OF MONEY YOU CAN RAISE, THE MORE DIFFICULT IT IS TO JUSTIFY PUTTING IT ON THE BALLOT, UNLESS IT'S A SURE WINNER THAT EVERYBODY WILL VOTE YES FOR AND YOU PUT IT ON WITH NO CAMPAIGN. SOMETIMES THAT HAPPENS. QUESTIONS OR COMMENTS ON THIS? YES, SIR. MICROPHONE OVER HERE.

>> AT SOME POINT WHEN YOU START CHARGING SO MUCH PER TON DISPOSABLE, YOU ARE ENCOURAGING PEOPLE TO ILLEGAL DUMP AROUND THE COUNTY ROADS. WE SEE IT ALREADY. YOU ARE JUST GOING TO INCREASE THAT AND YOU HAVE TO TAKE THAT INTO CONSIDERATION.

>> YES, THERE IS A SIDE EFFECT, CLEAN-UP COST AND COUNCIL MEMBER CHU IS FAMILIAR WITH THAT. WE REPRESENTED ONE OF THE PLACES THAT PEOPLE LIKE TO GO IN THE HILLSIDES AND DUMP IN THE CREEKS AND SO THAT IS CLEARLY A FACTOR WE HAVE TO WORRY ABOUT.

>> TWO QUICK QUESTIONS. ONE YOU TALK ABOUT BROADENING THE DEFINITIONS OF "DISPOSAL."

>> I'M GOING TO ASK JOHN, OUR ENVIRONMENT SERVICES DIRECTOR.

>> THE BIG POINT THAT WE CURRENTLY DON'T CHARGE DISPOSABLE TAX ON IS LANDFILLS THAT HAVE TO COVER THE GARBAGE EVERYDAY WITH DIRT AND THEY TAKE MATERIALS LIKE DIRT, CONCRETE, ASPHALT AND WE DON'T CHARGE A TAX ON THAT. SO THAT COULD BE A BIG ONE WE COULD EXPAND THE TAX TO INCLUDE.

>> THE MIDDLE SECTION, THE MATERIAL RECOVERIES FACILITY, THERE IS A LOT OF THINGS THAT GO TO THE VARIOUS OPERATIONS, BUT THERE IS ULTIMATEPLY SOME DUMP THAT GETS EXPORTED AND YOU ARE TRYING TO TALK ABOUT CAPTURING THAT PIECE.

>> A SECOND CATEGORY OF THINGS GOING TO OTHER FACILITIES.

>> THANK YOU, JOHN. DID I GET YOUR QUESTION?

>> MY SECOND QUESTION HAD TO DO WITH THE REVENUE COMING FROM THE DISPOSAL FEES COVER THE EXPENSE OF FACILITIES OR WE RUNNING THE FACILITIES AT A LOSS?

>> THESE ARE PURE REVENUES TO US. THE DISPOSAL -- JOHN YOU CAN TALK ABOUT THAT A LITTLE BIT.

>> THESE ARE PRIVATE FACILITIES. THEY ARE NOT CITY-OWNED FACILITIES, BUT THEY ARE ALL OPERATED BY COMPANIES. THEY SIMPLY RECORD THE TAXES AND SEND THEM TO THE CITY. AND THE PURPOSE, THE ORIGINAL PURPOSE FOR THE TAXES WAS TWOFOLD. ONE IS TO OBVIOUSLY GENERATE SOME MONEY, BECAUSE THE FACT THAT SAN JOSÉ HAS THESE FACILITIES IN SAN JOSÉ BENEFITS THE OTHER CITIES THAT DON'T HAVE LANDFILLS. SO THAT THEY CAN BRING HALF THE WASTE THAT COMES FROM OTHER CITIES TO THE SAN JOSÉ LANDFILLS BECAUSE WE'RE BEING KIND ENOUGH TO HAVE THE FACILITIES ON OUR BORDERS. THE SECOND IS THAT IT ENCOURAGES RECYCLING. SO IF YOU CHARGE MORE ON THE ONE END IT ENCOURAGES RECYCLING.

>> MAYOR?

>> I HEARD A VOICE. COUNCIL MEMBER CONSTANT.

>> TWO QUESTIONS. THE FIRST IS JUST A CLARIFICATION. HOW WILL THIS AFFECT THE RESIDENT'S GARBAGE BILL? ARE THESE APPLIED THERE OR ONLY OTHER DUMPING?

>> I WILL HAVE IS TO REFER TO JOHN.

>> DISPOSAL TAX IS PAID BY THE COMPANIES THAT USE THE LANDFILLS IN SAN JOSÉ. SO YES, IT WOULD HAVE A SMALL EFFECT ON THE MONTHLY BILL THAT EVERYBODY PAYS.

>> AND MY SECOND QUESTION IS THIS WE WOULD REALLY HAVE TO ANALYZE THE IMPACT OF THIS GIVEN THE CITY'S GOALS TOWARDS ZERO WASTE. SO I WOULD REALLY WANT AN ANALYSIS OF WHAT WE WOULD HAVE TO INVEST TO GET MONEY THAT WE KNOW IS GOING TO DECLINE IN A RELATIVELY SHORT PERIOD, GIVEN OUR OTHER GOALS.

>> MY QUESTION ACTUALLY FOLLOWS UP ON THAT IS THE GOAL OF BECOMING THE GREEN CITY WITH ZERO WASTE. I THINK THAT WOULD HELP MOVE THIS ONE FORWARD AND SINCE WE WON'T HOPEFULLY NEED THIS MONEY FOR VERY LONG, IT MIGHT BE A WISE INVESTMENT AND SERVE TWO PURPOSES.

>> JOHN, COULD YOU TALK ABOUT HOW WE HANDLE THE RECYCLED MATERIALS? THERE IS NO DUMP FEE FOR RECYCLED?

>> RIGHT.

>> THERE ARE OTHER COSTS. SO THIS IS JUST OF THE DUMPING AND IT DOES TEND TO ENCOURAGE RECYCLING.

>> WHY DO YOU HAVE TO DO IT VIA TAX? COULDN'T YOU APPLY FEES VIA USAGE? ENTRANCE FEES? SOME OTHER MEASURE THAT DIDN'T REQUIRE VOTER APPROVAL?

>> THE WAY YOU CAN DO FEES IS THAT THEY HAVE TO BE COST-RECOVERY, OR THEY HAVE TO BE DIRECTLY RELATED TO A REGULATION OF SOME BUSINESS OR INDUSTRY. AND THERE ARE OTHER CATEGORIES WHERE YOU CAN DO FEES. IN THIS CASE, THIS IS BEING OPERATED BY A PRIVATE OPERATOR. WE'RE NOT INCURRING ANY COSTS THAT WE COULD RECOVER WITH THE FEE AND THAT IS WHY IT'S ESSENTIALLY A TAX THAT WOULD REQUIRE VOTER APPROVAL. EVEN THINGS THAT DON'T LOOK LIKE A TAX, OFTEN REQUIRE VOTER APPROVAL JUST BECAUSE OF THE WAY CALIFORNIA LAW OPERATES. EVERY TIME THE SUPREME COURT GETS A DECISION ABOUT PROP 218, IT'S MORE AND MORE RESTRICTIVE ON US. SO I THINK THE LAWYERS HAVE PRETTY WELL FIGURED THIS ONE OUT THAT THIS IS A TAX AND THAT IS THE WAY WE CAN DO IT. DID I GET THAT RIGHT, ED?

>> RIGHT.

>> ED SAYS HE WAS RIGHT ON THAT, BECAUSE I HAVE HEARD IT ABOUT TEN TIMES NOW.

>> WOULD IT BE POSSIBLE JUST TO RAISE THE FEE ON NEIGHBORING CITIES THAT DUMP IN SAN JOSÉ AND RAISE IT TO THE HIGHEST LEVEL JUST BEFORE THEY WOULDN'T WANT TO EXPORT IT SOMEWHERE ELSE?

>> I'M GOING TO ASK ED MORAN TO ANSWER THAT.

>> AS THE MAYOR INDICATED, THE DIFFERENCE BETWEEN "TAX" AND "FEE" IS BECOMING MORE DIFFICULT FOR US TO ASSESS FEES. AGAIN, FEES ARE PRIMARILY COST-RECOVERY. SO IF WE CAN'T MAKE THE CASE THAT WE NEED TO INCREASE THE FEE IN ORDER TO RECOVER THE COST IN DEALING WITH THAT PARTICULAR ACTIVITY, THEN IT'S SIMPLY GOING TO FALL INTO THE TAX CATEGORY. AS THE MAYOR SAID, THE COURTS ARE LEANING TOWARDS VOTER APPROVAL UNLESS YOU CAN SHOW A DIRECT BENEFIT TO THE PERSON YOU ARE IMPOSING THE FEE ON.

>> I THINK THE QUESTION IS CAN YOU RAISE THE TAX ON OTHER PEOPLE? BECAUSE TAXES ON OTHER PEOPLE ARE A LOT MORE POPULAR THAN TAXES ON YOURSELF. [LAUGHTER]

>> I DON'T KNOW.

>> WE HAVE GOT TO LOOK AT THAT ONE. WE DO KNOW THAT TAXES ON OTHER PEOPLE USUALLY HAVE A BETTER CHANCE AT THE BALLOT BOX. [LAUGHTER] HISTORICALLY SPEAKING THAT SEEMS TO BE THE WAY IT WORKS OVER HERE. LINDA.

>> FOLLOWING ALONG WITH, I THINK, BEHIND PIERLUIGI'S QUESTION, IF PEOPLE HAD TO PAY MORE FROM OTHER CITIES WOULD THEY GO ELSEWHERE AND IS THERE AN ELSEWHERE? AND THEN HOW MUCH ARE THEY CHARGING ELSEWHERE?

>> YES, WE HAVE DONE A KIND OF A MARKET ANALYSIS ON WHAT THE OTHER FACILITIES AND COST AND DISTANCE AND WE THINK AN INCREASE IN THIS RANGE WOULD NOT TIP MANY LOADS OVER TO OTHER LANDFILLS. IF YOU GET MUCH MORE THAN THAT, YOU WOULD SEE A LOT OF LOSING THE WASTE.

>> ANY OTHERS ON THIS?

>> I HAVE A FOLLOW-UP QUESTION. WHAT PERCENTAGE OF OUR LANDFILL COMES FROM OTHER CITIES? 50%?

>> IS THAT ROUGHLY HALF, JOHN? AND THEY ARE PROBABLY REDUCING AS WELL FROM RECYCLING.

>> THAT IS A FLAT FEE SINCE 1992. WHY DON'T WE MAKE IT A PERCENTAGE OF THE REVENUES OF THE GARBAGE COMPANIES TO ACCEPT ALL OF THIS WASTE. SO IT'S MORE INFLATION-PROTECTED OR COMMISERATE WITH INCREASES OF THE COST OF THE OPERATORS OF THESE FACILITIES?

>> SO THE QUESTION IS -- CAN WE MAKE IT A PERCENTAGE OF REVENUE?

>> WHEN THE TAX WAS SET UP IN 1992, IT DIDN'T HAVE ANY ESCALATION IN IT AND IF WE VOTED AGAIN, WE WOULD BUILD IN AN ESCALATING APPROACH.

>> ARE YOU SAYING AS A PERCENTAGE OF REVENUES?

>> YES.

>> SO THAT WOULD BE A TAX OFF AND ON THE PEOPLE OPERATING THE LANDFILL?

>> THEY ARE CHARGING THEIR CUSTOMERS MORE TO RECOVER THEIR COSTS AND PROTECT THEIR PROFIT MARGINS, SO THIS WOULD BE A WAY THAT WE WOULDN'T HAVE TO WORRY ABOUT EVERY FEW YEARS HAVING AN ELECTION TO INCREASE FEE OR TAX.

>> THERE ARE TWO GROUPS OF PEOPLE INVOLVED IN THIS AT LEAST OF THE YOU HAVE THE PEOPLE WHO ARE OPERATING THE LANDFILL AND THEN YOU HAVE THE PEOPLE WHO ARE HAULING STUFF TO THE LANDFILL AND THEY ARE NOT NECESSARILY THE SAME ENTITIES. SO I WANT TO GO BACK TO THE QUESTION IN TERMS OF ANOTHER POSSIBLE WAY OF DOING THIS, WHICH IS HAVING SOME SORT OF ATAX OR FEE AND IT WOULD HAVE TO BE A TAX, I THINK, ON THE LANDFILL OPERATORS THAT WOULD BE BASED ON A PERCENTAGE OF REVENUES OR VOLUME OR SOMETHING. I DON'T KNOW IF WE HAVE ANALYZED THAT.

>> I GUESS TO ME THAT IS NOT MUCH OF A DISTINCTION, BECAUSE THEIR TOTAL REVENUE IS DIRECTLY RELATED TO HOW MANY TONS THEY GET. SO WE'RE CURRENTLY CHARGING PER TON AND CHARGING PER REVENUE WOULD BE THE SAME THING, I THINK.

>> THE REAL QUESTION IS THE INFLATION AUTOMATIC THING, WHICH COULD BE PART OF HOW WE DO A BALLOT MEASURE AND THAT MAKES A DIFFERENCE IN THE POLLING IN THE PAST. IT DOESN'T POLL QUITE AS MUCH AS IF THERE ARE INFLATORS. WE KNOW THAT. ANYTHING ELSE ON THIS? WAY BACK IN THE BACK.

>> MR. MAYOR, I AM JUST WONDERING TO FOLLOW YOUR GREEN VISION, ALL OF THIS DISPOSAL WE'RE JUST THROWING AWAY MONEY WITH THE CURRENT TECHNOLOGIES AVAILABLE, WE COULD TAKE THE WASTE STREAM AND GASIFY IT AND RUN LOW STEAM BOILERS AND GENERATE ELECTRICITY THAT WE COULD EITHER USE TO SELL BACK TO PG&E OR POSSIBLY GET INTO A DEAL WITH PG&E, SO WE COULD SUPPLEMENT ALL OF OUR BUILDINGS IN THE CITY, CITY BUILDINGS, WITH THAT ELECTRICITY. SO ARE WE LOOKING FORWARD TOWARDS THESE NEW TECHNOLOGIES AND OTHER THINGS THAT WE CAN DO WITH WASTE STREAM THAT CAN GENERATE MONEY OTHER THAN JUST INCREASE TAXES FOR DISPOSING IT?

>> YES. THE ANSWER TO THAT IS YES. AS PART OUR GREEN VISION, THE ZERO-WASTE GOAL AND WE HAVE SEVERAL THINGS UNDERWAY TO DEAL WITH THAT WASTE STREAM TO GET ENERGY OR MONEY OR GET SOMETHING OUT OF IT RATHER THAN JUST DUMPING IT. THAT IS BROADER THAN WHAT WE WANT TO TALK ABOUT HERE, BUT WHEN WE GET INTO THE OTHER CATEGORIES OF POTENTIAL NEW REVENUE SOURCES, WE CAN COME BACK TO THAT.

>> THANK YOU. FROM THE NEIGHBORHOOD VIEWPOINT, I THINK IT WOULD BE IMPORTANT TO MAKE AN INCENTIVE TO THE WASTE-HAULERS AS WELL. FOR EXAMPLE, IN DISTRICT 1 GENERALLY IN THE MULTI-FAMILY HOUSING AREAS THERE IS ALWAYS A HUGE OVERFLOW OF TRASH. THERE ARE NOT ENOUGH DUMPSTER BINS THAT THE MULTI-HOUSE ORDERS. SO IF THERE WAS SOMETHING THAT MANDATED THOSE PROPERTY OWNERS TO HAVE ENOUGH TRASH RECEPTACLES THAT WOULD BE INCENTIVE TO THE HAULERS TO AGREE WITH THIS AS WELL.

>> I THINK WE HAVE STARTED A NEW RECYCLING EFFORT WITH MULTI-FAMILIES THAT HAVE INCREASED THE RATES A LOT AND REDUCED THE GARBAGE PIECE OF IT,

>> IF THERE IS A CASE WHERE THERE IS NOT ENOUGH BINS, CALL CITY HALL AND GET THEM OUT THERE.

>> GOOD REASON TO MAKE THEM HAVE ENOUGH BINS.

>> THAT IS WHAT IS HAPPENING. THERE IS TRASH IN THE NEIGHBORHOODS, BECAUSE THERE IS NOT ENOUGH BINS BEING USED MANY MULTI-FAMILY HOUSING?

>> AND WE'RE LOSING \$13 A TON.

>> THERE WE GO.

>> HOW MANY TONS DO YOU HAVE IN YOUR NEIGHBORHOOD, KEN? TOO MANY TONS. OTHER COMMENTS OR QUESTIONS IN THIS PARTICULAR ITEM BEFORE WE MOVE ON? LET'S MOVE TO THE NEXT ONE. CARD ROOMS. INTERESTINGLY INTERVIEW CARD ROOM REVENUE IS ONE OF THOSE SERVICES THAT HAS BEEN STABLE OR INCREASING THROUGH THE RECESSION, WHICH IS A GOOD THING. THE TOTAL TAX NOW GENERATES \$13 MILLION IN REVENUE, JUST TO GIVE YOU A PERSPECTIVE ON THAT. THAT IS MORE THAN ALL OF OUR AUTO DEALERS COMBINED OF IT'S MORE THAN OUR DEPARTMENT STORES COMBINED. SO IT'S A SIGNIFICANT NUMBER. WE HAVE DONE SOME ANALYSES AND WE HAVE HAD SOME

DISCUSSION OVER THE LAST 18 MONTHS OR SO ABOUT THIS AND THERE IS SEVERAL DIFFERENT ALTERNATIVES AND WAYS TO INCREASE REVENUES FROM OUR CARD ROOMS. ONE IS JUST PURELY TO INCREASE THE NUMBER OF TABLES FROM 40 TO 49. IT'S WORTH ABOUT \$3 MILLION, BASED ON STATE LAW THAT ALLOWS CARD ROOMS TO INCREASE BY 20, 25%, SOME NUMBER THAT IS THE STATE MAXIMUM. OUR MUNICIPAL CODE PROHIBITS EXPANSION WITHOUT A VOTE TO THE PEOPLE. SO ANY OF THOSE WOULD REQUIRE A VOTE. SO IF YOU INCREASE THE NUMBER OF TABLES, THERE IS REVENUE INCREASE. IF YOU INCREASE THE NUMBER OF TABLES AND YOU INCREASE THE TAX RATE THERE, IS MORE REVENUE. THERE IS A CATEGORY OF PARTICIPANTS IN THE CARD CLUB INDUSTRY CALLED "BANKERS." THE CARD ROOMS, BASICALLY, RENT SPACE AND THEY ARE PAID BY THE HAND. THERE ARE COMMERCIAL ENTERPRISES, BIG ONES, THAT ACT AS BANKS AND HANDLE MONEY AND STAKE THE GAMES AND THEY ARE NOT CURRENTLY TAXED UNDER OUR SYSTEM. BECAUSE THEY ARE NOT CARD ROOMS. THEY DON'T EVEN PROBABLY HAVE A BUSINESS LICENSE TAX IN SAN JOSÉ. SO THAT IS A CATEGORY, IF WE WERE TO EXPAND THE SCOPE OF WHAT WE'RE DOING NOW TO THEM, THERE IS A POTENTIAL SOURCE OF REVENUE. SO ALL OF THOSE, WE HAVE LOOKED AT THEM AND WE HAVE DONE SOME POLLING ON THIS FROM TIME TO TIME. OF COURSE, THE CARD CLUBS HAVE THEIR OWN OPINION. THERE ARE TWO OF THEM AND THEY HAVE A LOT OF MONEY. THEY COULD FUND A CAMPAIGN OR THEY COULD OPPOSE A CAMPAIGN. IT'S JUST PART OF THE POLITICAL ISSUES OF CAN YOU WIN IF YOU PUT IT ON THE BALLOT? BUT THOSE ARE THE ALTERNATIVES IN THAT CATEGORY. WE HAVE TWO CARD ROOMS IN THE CITY THAT BOTH WOULD LIKE TO EXPAND, AT LEAST THAT IS WHAT THEY HAVE SAID AND THE QUESTION IS WHAT DO WE DO WITH THAT POSSIBILITY? SO LET'S OPEN THIS UP FOR ANY COMMENTS, QUESTIONS, ANSWERS ON THIS ONE. PIERLUIGI.

>> MAYOR IN THE STRUCTURAL BUDGET DEFICIT COMMITTEE THAT CARRIES A LONG ACRONYM THAT MANY PEOPLE COMMENTED ON, IT'S CERTAINLY BRINGS A LOT OF REVENUE WITH NO -- OBVIOUSLY ONLY AFFECTS THOSE WHO GAMBLE. SO THAT IS REALLY WHAT THIS DOES.

>> THIS ONE IS OF THOSE TAXES ON OTHERS, SORT OF. COUNCIL MEMBER CONSTANT.

>> I JUST WANTED TO EXPAND ON THAT, BECAUSE I CHAIRED THAT GROUP, AND IT HAD 99.9% SUPPORT FROM EVERYONE INVOLVED AND IT DOES HAVE SUPPORT FROM A LOT OF RESIDENTS. I DID WANT TO MAKE SURE THAT WE'RE CLEAR ON THE NUMBERS HERE, BECAUSE THE BLUE SHEET, THE NUMBERS DON'T CORRELATE. I WANT TO MAKE SURE THAT WE KNOW WHICH ARE ACCURATE. MODIFYING THE CARD ROOM TAX COULD GENERATE FROM \$2 MILLION TO \$9.5 MILLION, BUT IF YOU ADD UP THE NUMBERS, IT COULD INCREASE UP TO \$22 MILLION. I WANTED TO SEE IF THE HEADLINE IS CORRECT OR IF THE BULLET IS CORRECT.

>> LET ME ASK ARMANDO TO TAKE A LOOK AT THAT. I THINK THE BULLETS ARE RIGHT.

>> IF YOU LOOK THERE, IN THE INCREASED REVENUE --

>> THE FIRST ONE IS THE BASELINE.

>> OKAY.

>> YES, I SEE IT ON THE BULLET POINTS HERE. IT'S A LITTLE CONFUSING. LET'S MAKE SURE -- IF YOU ADD THEM ALL UP, IT'S \$9.5 MILLION. THAT IS WHAT JOHNSON SAYS. HE IS THE WORD. FINANCE ALWAYS RULES.

>> THIS IS ONE OF THOSE ONES THAT I THINK IF WE GO FORWARD ON IT HAS TO BE LINKED. I THINK DOING AN INCREASE IN TABLES WITHOUT AN INCREASE IN TAX WOULD NOT BE A GOOD IDEA. I THINK INCREASING THE TAX WITHOUT PROVIDING THE OPPORTUNITY FOR THE CLUBS TO HAVE INCREASED TABLES WOULD HAVE SIGNIFICANT, WELL-FUNDED OPPOSITION. IN THE AREA OF BANKING GROUPS, I THINK THAT IS SOMETHING THAT WE HAVE TO SERIOUSLY LOOK AT, BECAUSE THOSE GROUPS PROFIT SIGNIFICANTLY FROM THOSE BUSINESSES AND ARE COMPLETELY UNDER THE RADAR, AS THE MAYOR SAID. NO BUSINESS LICENSE. NO FORMAL STRUCTURE OF ANY SORT.

>> OKAY. OTHER COMMENTS ON THIS, COUNCIL MEMBER KALRA?

>> I AGREE WITH COMMENTS MADE SO FAR, INCLUDING THE ONES PETE JUST MADE. IT MAKES SENSE TO ALL GO FORWARD TOGETHER. I THINK ALSO INCLUDED IN TERMS OF THE DEDICATION OF THE FUNDS THAT IT SHOULD CERTAINLY BE A DEDICATION OF GENERAL FUNDS, BUT THERE SHOULD ALSO BE SOME RECOGNITION THAT THERE MAY BE SOME

INCREASED COSTS, WHETHER IT BE LAW ENFORCEMENT COSTS AND PROCESSING PERMITS OR OTHER COSTS, AND MAYBE SOME CONTRIBUTIONS OR SOME GAMBLING ANONYMOUS OR SOCIAL SERVICES THAT ADDRESS THE ISSUE OF GAMBLING. I AGREE WITH THE PROPOSAL, BUT I THINK WE SHOULD MAKE SURE EVERYTHING IS VETTED AND UNDERSTAND THE COSTS ASSOCIATED WITH THIS AS WELL.

>> LET ME ADD A COUPLE OF FACTS TO THIS. THIS IS A TAX AND WE ALSO HAVE A FEE THAT WE CHARGE TO THE CLUBS. TABLE FEE, \$25,000 A TABLE, PLUS OR MINUS OR FEW THOUSAND DOLLARS THAT IS TO BE COST-RECOVERY. SO THAT FEE MIGHT BE AFFECTED IN THIS TO PROTECT US FROM INCREASED COSTS. AND THEN STARTED IN '09 THERE, IS A MILLION DOLLARS A YEAR THAT CLUBS ARE PUTTING UP TO GO TOWARDS DEALING WITH PROBLEMS ARISING FROM GAMBLING. I DON'T KNOW IF YOU HAVE MADE ANY DECISIONS ON IT OTHER THAN THE FRAMEWORK, SO THAT IS STILL TO COME BACK.

>> SO GOING FORWARD WITH THAT UNDERSTANDING THE PER TABLE FEES ARE MEANT TO COVER THE STAFFING COSTS TO DO THAT AND THAT ALSO IT'S GOOD TO PUT THE WORD OUT THAT THE MONEY IS GOING TOWARDS THOSE SOCIAL SERVICES AS WELL.

>> SO THIS TAX IS PURE GENERAL FUND REVENUE THEORETICALLY. SAM?

>> I HAVE EXPRESSED CONCERNS IN THE PAST ABOUT EXPANDING GAMING IN THE PUBLIC HEARINGS AND I WON'T REPEAT IT NOW, BUT THE ONE OTHER CONCERN IN MY MIND IF THIS WERE ACCOMPANIED BY ANOTHER TAX MEASURE, THE VOTERS WOULD CLEARLY GRAVITATE TOWARDS THIS AND SHOOT DOWN ANY IDEA, BECAUSE THIS IS THE EASY ONE IN A LOT OF VOTER'S MINDS. I THINK WE WOULD HAVE TO BE VERY CAREFUL, KNOWING THAT IS A LIMITED AMOUNT OF REVENUE KNOWING THAT IF WE HAVE LARGER ONES WE WOULD BE BETTER SUITED NOT HAVING THEM ON THE BALLOT TOGETHER.

>> ONE THE FACTORS OF MAKING THE DECISION OF WHAT IS ON THE BALLOT? WHAT OTHER THING WILL BE ON THE BALLOT AND HOW MUCH YOU CAN ASK FOR AND IT MAKES IT COMPLICATED TO FIGURE IT OUT. I THINK YOU ARE RIGHT ON THAT. THIS IS SORT OF THE SIMPLE ONE AS TO TAXING YOURSELF WITH SALES TAX. CITY MANAGER.

>> YES, MR. MAYOR, WE'RE GOING TO WORK ON A CLARIFICATION. INCREASE THE NUMBER OF TABLES TO 40 TO 49 PER CLUB AND THAT COULD BE THAT THAT \$2.9 WOULD DOUBLE. SO WE'RE GOING TO VERIFY THAT.

>> THE OTHER QUESTION THAT I HAD WAS IF YOU HAVE BOTH AN INCREASE IN THE TAX AND AN INCREASE IN THE NUMBER OF TABLES, ARE THESE NUMBERS -- DOES THAT COVER THAT AS WELL? DO YOU ADD THEM TOGETHER OR YOU GET TO MULTIPLY THEM? SOMEBODY WILL DO THE MATH, BUT WE'RE IN THE \$10 MILLION RANGE IN PURPOSES OF SIZING THAT. BACK IN THE CORNER, BACK OVER THERE.

>>

>> YOU HAVE TO VOTE TO INCREASE THE NUMBER OF TABLES?

>> YES, UNDER MUNICIPAL CODE THAT IS REQUIRED TO BE PUT TO A VOTE?

>> [INAUDIBLE]

>> THEY MIGHT BE SEPARATE ITEM. THEY MIGHT BE ONE. EACH ITEM COSTS THOUSANDS OF DOLLARS.

>> THE CARD CLUBS WOULDN'T FIGHT YOU ON INCREASING THE NUMBER OF TABLES, BUT THEY MIGHT FIGHT YOU ON INCREASING THE TAX. THEY ARE SEPARATE ISSUES.

>> THAT IS WHY WE WOULD PROBABLY HAVE TO LINK THEM AS COUNCIL MEMBER CONSTANT.

>> THIS ACTUALLY SOUNDS LIKE A GOOD IDEA. I THINK IT SOUNDS GREAT. I'M WONDERING IF WE COULD GET THE BANKS -- YOU SAID THEY DON'T HAVE TO DO ANYTHING. COULD WE GET THEM TO BE DOING SOMETHING OR BE IN THE OR WHATEVER IT IS OF HOW THEY ARE UNDER THE RADAR?

>> I THINK UNDER EXISTING ORDINANCE WE WOULD PROBABLY PUSH THE POINT AND THEY MIGHT HAVE TO PAY \$150 BUSINESS LICENSE TAX. THERE ARE ONLY TWO OR THREE OF THEM. SO THAT IS PROBABLY THE EXTENT WE CAN DO WITH OUR EXISTING ORDINANCE WHICH WOULD REQUIRE THIS CHANGE TO GO TO A VOTE, BECAUSE IT WOULD BE A SUBSTANTIAL INCREASE IF WE DID IT THIS WAY. COUNCIL MEMBER CONSTANT?

>> MAYOR, INCREASING THE TABLES IS CONTAINED IN OUR MUNICIPAL CODE, BUT COULD NOT WE HAVE A PUBLIC PROCESS TO DETERMINE WHETHER THAT MUNICIPAL CODE NEEDS TO BE CHANGED AND AS AN ACT OF THE COUNCIL, NO LONGER REQUIRE A VOTE?

>> I'M GOING TO DEFER TO THE LAWYERS ON THAT. THE MUNICIPAL CODE SAYS YOU CAN'T INCREASE THE NUMBER OF TABLE WITHOUT THE VOTE OF THE PEOPLE. IF WE JUST CHANGE THE MUNICIPAL CODE, THAN WHAT?

>> IN THIS PARTICULAR CASE, WHICH IS A DIFFERENT SITUATION WHERE THE REQUIREMENT TO HAVE THE VOTE OF PEOPLE WAS INITIATED AS A RESULT OF INITIATIVE. IF THAT REQUIREMENT WAS AS A RESULT OF AN INITIATIVE THAT WAS DONE BY THE PEOPLE AND BROUGHT TO THE COUNCIL AND THE COUNCIL COULD CHOOSE TO EITHER PUT THE INITIATIVE ON THE BALLOT OR GO AHEAD AND ADOPT IT, THAT PARTICULAR MUNICIPAL CODE COULD NOT BE AMENDED WITHOUT A VOTE OF THE PEOPLE. THIS WAS NOT A RESULT OF AN INITIATIVE, SO THE COUNCIL ON ITS OWN COULD DECIDE TO AMEND THIS SECTION OF MUNICIPAL TODAY CODE AND THAT THEY PUT TO A VOTE OF THE PEOPLE. ANYTHING ABOVE THE NINE WOULD REQUIRE A VOTE OF THE PEOPLE. COUNCIL MEMBER OLIVERIO.

>> I WOULD SAY IT'S BEST TO BE LINKED. I WOULD BE INCLINED JUST TO ACCEPT IT. ONE LAST COMMENT ON THE SAME TOPIC. I'M THINKING ABOUT THE COST OF THE ELECTION. COULD WE NOT WORD A BALLOT MEASURE FOR THE TAX CHANGE THAT SAYS IF THE COUNCIL CHANGES THE ORDINANCE TO ALLOW -- OR IF THE COUNCIL ALLOWS TO INCREASE FROM X TO Y, THEN CHANGE THE TAX AND WE THE COUNCIL WOULD NOT TAKE THAT UNTIL THE VOTERS APPROVE IT AND WE SAVE A CITYWIDE ELECTION ON ONE MEASURE.

>> THAT GOES BACK TO THE TWO- MEASURE QUESTION THAT THE LAWYERS HAVE TO LOOK AT. TO GET TO THAT SIGNIFICANT NUMBER OF DOLLARS. I THINK IN THE LAST ROUND OF GENERAL ELECTS WHEN WE LOOKED AT BATTLE MEASURES, IF IT'S A CITYWIDE GENERAL ELECTION IN JUNE OR NOVEMBER, THE COST IS \$250,000 FOR EACH BALLOT MEASURE. IT CAN GO UP, BUT IT'S HUNDREDS OF THOUSANDS OF DOLLARS FOR EACH MEASURE, SO MATTER HOW MANY ARE ON THERE, IT'S STILL A BIG NUMBER. BACK OVER HERE.

>> HI, WHILE THERE IS A SOCIAL COST TO THIS AND OVER THE LONG TERM, THE COST TO FAMILY AND SUBSTANCE ABUARQOUB LOCAL JURISDICTIONS ARE GOING TO HAVE TO END UP PICKING UP THE COST. SO WE'RE GOING TO INCREASE THE TAX THAT, IS FINE, BUT IF WE'RE GOING TO INCREASE THE NUMBER OF TABLES, WE NEED TO CONSIDER THE ENTIRE COST AS OPPOSED TO JUST LOOKING AT THE REVENUE. I HAVE SEEN MANY JURISDICTIONS BECOME ADDICTED TO GAMBLING MONEY BECAUSE IT'S EASY. I DON'T WANT TO BE THE CITY OF INDUSTRY.

>> ANYBODY ELSE ON CARD ROOM DISCUSSION ON ANY OF THESE BULLETS? LET'S MOVE TO THE NEXT ONE. INCREASING PARKING LOT TAX. WE HAVE LOOKED AT THIS IN THE PAST AND THERE ARE PRIVATE LOTS. SO TWO CATEGORIES. THIS WOULD BE A TAX THAT YOU PAY WHEN YOU PARK YOUR CAR. ONE QUESTION THAT I HAVE ON THIS FROM THE REDEVELOPMENT AGENCY-OWNED LOTS, RATHER THAN HAVING A BALLOT MEASURE THAT REQUIRES US TO INCREASE THE TAX, WHY NOT JUST INCREASE THE PARKING RATE? IF WE JUST INCREASE THE PARKING RATE, COULD WE GET IT INTO THE GENERAL FUND?

>>

>> MY NAME IS ED SHIKADA, CHIEF DEPUTY CITY MANAGER. THIS RELATES TO THE AIRPORT. THE AIRPORT IS AN ENTERPRISE OPERATION. HOWEVER, WITH THE CITYWIDE PARKING TAX, FEES GENERATED OR TAX GENERATED AT THE AIRPORT ON TOP OF THE NORMAL PARKING CHARGES WOULD BE TREATED AS A GENERAL FUND REVENUE SOURCE. SO THAT OPENS UP THE ABILITY FOR FUNDS TO BE USED FOR CITYWIDE PURPOSES OF

>> SO TAKE IT THE AIRPORT AND WHATEVER ABOUT THE OTHERS?

>> IF THE CITY WANTED TO INCREASE THOSE, IT COULD BE TREATED AS GENERAL FUND RESOURCES.

>> OTHER QUESTIONS OR COMMENTS ON THIS? BILL SHERRY IS HERE, I KNOW. SO THE AIRPORT ENTERPRISE FUND IS NOT DOING WELL? IS THAT PUTTING IT MILDLY, BILL? YOU HAVE NOTICED THE DECREASE IN PASSENGER TRAFFIC WITH THE ECONOMY AND THE AIRPORT IS STRUGGLING TO FIND FUNDS TO AVOID LAYING OFF MORE PEOPLE. SO THAT IS A SIGNIFICANT QUESTION THAT IF WE TAKE IT AWAY FROM AIRPORT ENTERPRISE AND PUT IT IN GENERAL FUND. THERE IS IMPACT BEYOND THAT.

>> YOU ARE GOING TO HAVE TO CONSIDER THE SENSITIVITY TO MARKET. I AM VERY SENSITIVE TO PARKING FEES AND I TAKE STEPS TO AVOID THEM WHEREVER POSSIBLE. THAT IS IT.

>> WELL, LET'S JUST ASK BILL SHERRY. BILL, IF WE WERE TO RAISE THE PARKING FEES AT THE AIRPORT [INAUDIBLE] WHAT DOES TO DO ON THE ACTUAL DEMAND SIDE IF WE RAISE THE FEE?

>> IT WOULD OBVIOUSLY REDUCE THE DEMANDS. WE ARE ALREADY PRETTY HIGH COMPARED TO OTHER AIRPORTS. \$30 PER DAY AND C LOT, \$40 AND COMPARING WITH US OTHER AIRPORTS, THAT IS HIGH. IF WE WERE TO ADD A TAX, PEOPLE WITH LOOK FOR ALTERNATE WAYS OF COMING TO THE AIRPORT.

>> HOW ABOUT THE REDEVELOPMENT AGENCY-RUN LOTS?

>> I THINK THE ELASTICITY OF DEMAND WILL COME INTO PLAY. IF IT WERE SIMPLY RDA-OWNED LOTS IT WOULD MAKE THE PRIVATELY-OWNED LOTS MORE ATTRACTIVE, DEPENDING ON THE RATES AVAILABLE THERE, AS WELL AS OVERALL. I THINK THE POINT MADE ABOUT UNATTRACTIVENESS OF PARKING IS A CONSIDERATION. AS A FOOD NOTE TALKING ABOUT SUPPLY AND DEMAND, ONE OF THE THOUGHTS HERE LOOKING FORWARD COULD BE THAT IT COULD BE A COMPANION MEASURE RELATED TO BALLPARK, SUCH THAT IF A BALLPARK WERE TO ADD ADDITIONAL SUPPLY, THAT REVENUE WOULD BE TIED AS AN INCREASE ABOVE AND BEYOND WHAT IS ALREADY PART OF THE MIX.

>> OTHERS?

>> FOR THE AIRPORT, TWO QUESTIONS, DOES THE AIRPORT MONEY GO TO PAY OFF THE BONDS THAT WE HAVE BONDS OUT TO PAY FOR RECONSTRUCTION? THE OTHER QUESTION, WHEN IT COMES TO PRIVATE LOTS, WHOSE PRIVATE LOTS ARE THOSE

>> LET ME ASK BILL TO TALK ABOUT THE AIRPORT.

>> ON THE FIRST QUESTION, THE ANSWER IS YES. THE AIRPORT PARKING IS OUR NO. 1 REVENUE SOURCE AND ALMOST ALL OF IT GOES TO PAYING OFF OPERATING COSTS AND THEN THE DEBT.

>> THEN THE PRIVATE LOTS?

>> TYPICALLY THE WAY THAT WORKS IN OTHER CITIES, LOS ANGELES, SAN FRANCISCO, OAKLAND, IT'S APPLIED ON THE DAILY RATES. SO WHEREVER THERE IS PAID PARKING, THAT IS THE 10% WOULD APPLY.

>> SO FOR CISCO, AND ADOBE, THAT WOULD NOT APPLY TO ADOBE AND ITS OWN EMPLOYEES?

>> TO THE EXTENT THERE IS NOT A POSTED PUBLIC RATE FOR THOSE PARKING FACILITIES, IT WOULD NOT APPLY.

>> OKAY. COUNCIL MEMBER LICCARDO IS NEXT. AND I HAVE HARVEY AND TINA.

>> I THINK WE HAVE TO THINK CAREFULLY ABOUT THE INCREMENT THAT WE'RE ADDING AND HOW IT'S ADDED. I CAN TELL YOU THAT MANY WANT TO BURN DOWN CITY HALL WITH INCREASES. AND SO I THINK THE INCREMENT IS ACTUALLY RELEVANT HERE AND NOBODY WANTS TO GO THROUGH THE HASSLE OF PAYING SOMETHING IN AN INCREMENT THAT IS AN ODD NUMBER. THAT IS SNAG WE MIGHT WANT TO THINK ABOUT IF IT MAKES SENSE TO APPLYING TAXES RATHER THAN APPLYING THE RATE TO A NUMBER THAT IS MUCH EASIER TO FIGURE OUT.

>> BACK OVER HERE.

>> ONE OF THE THINGS WHEN WE LOOK AT PARKING TAX, WE NEED TO SEE WHAT EFFECT THIS WILL HAVE ON OUR BUSINESSES. WE'RE TRYING TO MAKE SURE THAT WE GET BUSINESSES DOWNTOWN. WE HAVE BECOME SOMEWHAT SUCCESSFUL AND I'M VERY CONCERNED THAT IF WE RAISE THE PARKING RATES, PEOPLE WON'T COME DOWNTOWN. THEY WILL GO TO THE SUBURBS.

>> TINA. GOT THAT ONE? ANYBODY ELSE ON THIS TOPIC? WAY IN THE BACK.

>> WHAT IF YOU HAD ONE OF THESE METERS, AND THE PERSON PARKS AND GOES TO A DOWNTOWN BUSINESS AND GETS THEIR TICKET VALIDATED? HE WOULD BE INCREASING THE BUSINESS TO THE PRIVATE OWNER AND IT WOULD ENCOURAGE PEOPLE TO PARK.

>> SOMEBODIES PAYING FOR IT.

>> THERE IS TWO PARTS TO THE DEMAND, ONE IS THAT PEOPLE ARE COMING TO BUSINESS TO SHOP AND THIS ARE VALIDATION AND THE OTHER IS THE EMPLOYEES WHO PAY A

MONTHLY CHARGE. WOULD THEY APPLY TO BOTH DAILY AND MONTHLY PARKERS? SO IF I RENT SPACE THAT WOULD APPLY TO ME AS WELL?

>> IT WOULD DEPEND ON HOW THE ORDINANCE IS STRUCTURED, BUT YES, IT WOULD APPLY TO BOTH RATES.

>> BACK OVER HERE.

>> THE VALIDATION, ARE NOT THE BUSINESSES RESPONSIBLE FOR THE VALIDATION?

>> WE SUBSIDIZE THOSE.

>> I WANT TO MAKE SURE THAT WE'RE NOT DISCOURAGING SMALL BUSINESS DOWNTOWN, BECAUSE THAT IS CERTAINLY THE LIFE BLOOD.

>> HI, FROM THE LITTLE JAPAN TOWN BUSINESS DISTRICT, I THINK EVERYBODY WOULD AGREE ON OUR JAPAN BUSINESS ASSOCIATION THAT WE WOULD RATHER HAVE RATES INCREASE. I KNOW THAT OURS ARE LOWER THAN OTHER PARTS OF THE CITY, BUT IF WE HAD PARKING METER INCREASE RATHER THAN PENALIZING ACTION, LIKE A PARKING TICKET. WE'RE ONE AREA WHERE I THINK PARKING IS A BIG ISSUE AND WE WOULD ENCOURAGE HAVING MORE OF, WHETHER IT'S A HIGHER RATE OR NOT. AND OUR BUSINESSES AND CUSTOMERS WOULD ENCOURAGE HAVING A BIT MORE PAID PARKING.

>> ANYONE ELSE?

>> ISN'T THERE A WAY TO DO A FEE ON LARGE PARKING LOTS IN THE SENSE THAT IT INDUCES VEHICULAR TRAVEL WITH IMPACTS ON ROADS AND IMPACTS ON AIR QUALITY?

>> I'M GOING ASK MY LAWYER, ED, TO TALK ABOUT IF THERE IS A WAY TO DO A FEE BASED ON IMPACTS THAT COULD BE ASSESSED AT THE PARKING LOT LEVEL. SINCE SOMEBODY WHO DROVE TO THE PARKING LOT DROVE ON OUR STREETS, HAVING IMPACT?

>> THAT LOOKS LIKE A REGULATORY FEE THAT WE WOULD IMPOSE FOR REGULATION OF CERTAIN TYPES OF BUSINESSES IN THE CITY. SO WE WOULD HAVE TO LOOK AT THAT AS A REGULATORY FEE AS OPPOSED TO A DIRECT FEE, WHICH WE AS A CITY CAN DO WITH POLICE POWERS. SO WE CAN LOOK TO THAT.

>> IF WE COME UP WITH A REGULATORY FEE, WHATEVER THAT MIGHT BE AND WE TALKED ABOUT OTHER ALTERNATIVES, THE FEE IS GOING TO HAVE TO BE RELATED TO HOW WE SPEND THE MONEY. THERE HAS GOT TO BE A CAUSAL LINK.

>> DIRECT CONNECTION WITH REGARD TO THE REGULATORY FEE AND USE OF THOSE FUNDS.

>> IF WE HAD A PARKING LOT FEE BASED ON TRAFFIC, THERE ARE LOTS OF PLACES TO SPEND THAT MONEY BASED ON TRAFFIC AND ROADS AND THINGS. YOU HAVE TO HAVE THEM LINKED TOGETHER.

>> THEY HAVE TO BE LINKED WITH REGARD TO THE REGULATORY FEE AND THOSE.

>> CAN'T WE MAKE NEW HOUSING DEVELOPMENT PAY FOR ROADS AND IMPACTS BEYOND THIS SORT OF IMMEDIATE AREA WITH A FEE? I THINK WE HAVE DONE WORK ON THAT?

>> WHICH YOU WOULDN'T NEED A LINK FOR A TAX.

>> OTHER QUESTIONS ON THIS? YES, SIR?

>> AS SOMEONE WHO TOOK THE BUS HERE TODAY, I WONDER WHY ARE THEY REIMBURSING PARKING FEES FOR PARKING HERE FOR THOSE WHO DROVE HERE? THEY DIDN'T REIMBURSE MY BUS FARE. THEY COULD HAVE MADE MONEY RIGHT HERE TODAY AND WOULDN'T HAVE TO HAVE A VOTE OF PEOPLE TO DO THAT. [LAUGHTER]

>> GOOD POINT. ONE THAT I CAN'T ANSWER. [LAUGHTER] VERY INTERESTING QUESTION. MAYBE WE CAN LOOK INTO THAT. HE SAID IF HE HAD TO PAY, HE WOULDN'T HAVE COME TODAY. THAT IS THE WHOLE SUPPLY AND DEMAND THING. IF YOU RAISE THE COST, YOU HAVE LESS DEMAND FOR THE SERVICE. BACK TO CLAUDIA.

>> HIS POINT EXACTLY AS FAR AS PAYING THE FEE. AT A CERTAIN POINT YOU JUST DON'T DO IT. IT'S EASIER FOR ME TO GO SOMEPLACE THAT I DON'T HAVE TO WORRY ABOUT PARKING AND I DO A LOT OF WALKING. SO I DO WALK A LOT OF PLACES DOWNTOWN, BECAUSE I DON'T LIVE THAT FAR. BUT IF YOU MAKE IT TOO EXPENSIVE, PEOPLE JUST WON'T DO IT AND THEY WILL GO SOMEWHERE ELSEWHERE IT'S EASIER AND YOU DON'T HAVE TO THINK ABOUT PARKING.

>> ANYBODY ELSE ON THE PARKING LOT TAX POSSIBILITY? OKAY. LET'S MOVE ON TO SOME OTHERS. SHIFT THE CONSTRUCTION AND STACKS FROM CAPITAL OPERATE AND MAINTENANCE USE. WE HAVE THAT TAX AND UNFORTUNATELY THERE HASN'T BEEN MUCH

THIS PAST YEAR BECAUSE CONSTRUCTION HAS BEEN DOWN A LOT. IT WILL COME BACK WHEN THE ECONOMY COMES BACK, SO THIS ISN'T A MOOT POINT. THE QUESTION IS WHETHER OR NOT THE EXISTING TAX, INSTEAD OF PUTTING IT ALL INTO CAPITAL, COULD WE USE SOME FOR MAINTENANCE? WE TALKED ABOUT THIS IN THE PAST AND POLLED ON IT. IT DIDN'T POLL VERY WELL IN THE PREVIOUS POLL OR TWO, BUT IT'S AN IDEA THAT CONTINUES TO COME AROUND, BECAUSE WE DON'T HAVE ENOUGH MONEY TO MAINTAIN OUR FACILITIES AND WE'RE BUILDING UP SOME CAPITAL FUNDS IN THE GOOD TIMES YOU BUILD UP CAPITAL FUNDS A LOT AND COULD SPARE SOME MONEY FOR MAINTENANCE. WE HAVE BEEN ABLE TO PULL SOME MAINTENANCE. THAT IS THE QUESTION, SHOULD WE ASK THE VOTERS TO SHIFT SOME OFS THEY MONEY? HOW MUCH IS IT WORTH? IT'S RELATIVELY SMALL NUMBER IN THE SCOPE OF OUR PROBLEMS, BUT STILL IN THE MILLIONS. SO IT'S IMPORTANT. COMMENTS, QUESTIONS ON THIS ONE?

>> WOULDN'T YOU BE AFFECTING LIBRARIES? DON'T THEY GET A PERCENTAGE FOR BOOKS AND COLLECTION?

>> THEY GET A PERCENTAGE. I DON'T KNOW WHAT THE PERCENTAGE. I'M GOING TO ASK MY STAFF TO TALK ABOUT THE CURRENT SPLIT OF CONSTRUCTION CONVEYANCE TAX. LIBRARIES GET SOME AND FIRES GET SOME. IS THERE ANYBODY WHO DOESN'T GET A PIECE OF THIS?

>> THE TAXES CURRENTLY DISTRIBUTED TO A NUMBER OF CAPITAL PURPOSES. IT CAN PRESENTLY BE USED ONLY FOR CAPITAL, WITH THE EXCEPTION OF PARKS CAN BE USED 15% OR MAINTENANCE. THE LIBRARY GETS A SHARE, 14 POINT SOMETHING. FIRE GET A SHARE AND GENERAL SERVICES GETS A SHARE AND COMMUNICATIONS AND FIRE. SO THAT MONEY, WHICH IS A PROPERTY TRANSFER TAX. I KNOW MANY PEOPLE ARE CONFUSED WHEN THEY HEAR THAT, BUT IT'S A PROPERTY TRANSFER TAX PAID ONE TIME WHEN PROPERTY TRANSFERS FROM ONE TO ANOTHER.

>> SO YES, IT WOULD AFFECT THE LIBRARY PIECE OF.

>> SO LET'S CLARIFY, IS THERE ONLY TO PARKS C NC OR SHIFT THE LIBRARY SHARE, ET CETERA, INTO PARKS?

>> IS THAT THE QUESTION?

>> WOULD IT SHIFT IT INTO THE GENERAL FUND?

>> OR THE GENERAL FUND?

>> THIS IS ONLY THE PARK'S PIECE OF THIS. SO IT WOULDN'T APPLY TO THE LIBRARY PIECE. SO THIS IS THE PARK'S PIECE. PARKS, LET'S TALK ABOUT THE IMPACT ON PARK'S CAPITAL VERSUS OPERATING.

>> THIS PROPOSAL IS LIMITED TO THE 62% THAT IS ALLOCATED TO PARKS. CURRENTLY OF THAT PERCENTAGE, ONLY THE PERCENTAGE OF PARKS USED 15% FOR MAINTENANCE. REST TO BE USED FOR CAPITAL. IT WOULD INCREASE IT TO EITHER 30 OR 40%. THE NET IMPACT WOULD BE A REDUCTION OF CAPITAL DOLLARS ONLY IN THE PARK'S AREA.

>> ALL RIGHT. OVER TO HARVEY.

>>

>>ALTHOUGH I WOULD LOVE TO SEE MORE MAINTENANCE IN THE PARKS, MORE DOLLARS DEVOTED TO THAT, I AM CONCERNED BECAUSE WE ALREADY HAVE A DEFICIT IN THE LAND DEVOTED TO PARKS IN THE CITY. SO THIS WOULD PUT AN ADDITIONAL STRESS ON OUR ABILITY TO CREATE NEW PARKS FOR ALL THE INCREASED PEOPLE WERE ABOUT TO RECEIVE.

>> I DON'T THINK THIS HAS AN EFFECT ON THE LAND ACQUISITION OPPORTUNITIES ON OTHER PARTS OF CAPITAL BUDGET, BUT WE'LL LET JULIE TALK ABOUT THAT.

>> THE PARKS AND RECREATION DEPARTMENT HAS A NUMBER OF SOURCES FOR CAPITAL INVESTMENT. SO THIS IS ONE FOR CONVEYANCE TAX. THIS WOULD NOT IMPACT THE TRUST MONEY OR DEVELOPMENT FEES THAT WE CURRENTLY GET AND SO WE WOULD STILL HAVE CAPITAL DOLLARS FROM OTHER FUNDING SOURCES.

>> MY CERTAIN IS THAT THOSE FUNDING SOURCES ARE NOT SUFFICIENT TO GIVE US THE THREE ACRES PER THOUSAND RESIDENTS.

>> BACK HERE IN THE CENTER.

>> IT SEEMS TO ME THAT SAN JOSÉ IN GENERAL AND A LOT OF INSTITUTIONS CAN GET CAPITAL MONEY, BUT THEY CAN'T GET MAINTENANCE MONEY. IF THERE IS A WAY TO GET

SOME OF THE CAPITAL INTO MAINTENANCE, IT IS LOGICAL. THAT DOESN'T MAKE SENSE TO ME.

>> COUNCIL MEMBER OLIVERIO.

>> IT'S REALLY NO NET NEW REVENUE AND WE HAVE HAD AREAS THAT HAVE BEEN BURNED DOWN AND DIDN'T HAVE ENOUGH C NC TO BUILT A PLAYGROUND.

>> BY INCREASING THE OPERATIONS AND MAINTENANCE USE, DOES THAT MEAN THAT THE SIX COMMUNITY CENTERS THAT ARE SLATED TO CLOSE DOWN GET TO STAY OPEN OR ARE THEY GOING TO BE SLATED FOR CLOSURE STILL, BUT WE'RE GOING TO INCREASE THE MAINTENANCE FEES FOR OTHER PARKS?

>> WE HAVE NOT DISCUSSED HOW TO SPEND THE MONEY THAT WE DON'T HAVE YET. [LAUGHTER] THOSE ARE ALL THE DISCUSSIONS THAT WE ULTIMATELY DO IN THE BUDGET PROCESS, ONCE WE TRY TO CLOSE OF GAP, BUT IF WE USE THIS MONEY TO CLOSE THE GAP, WE'RE STILL CONTEMPLATING HAVING TO CLOSE SOME OF THOSE CENTERS. SOME OF THEM ARE FUNDED WITH ONE -TIME DOLLARS. SO IT COULD BE USED FOR THAT AND IT COULD BE USED FOR ANYTHING ELSE ONCE IT GOES INTO GENERAL FUND AS PART OF THE USUAL BUDGET PROCESS. THERE IS LOTS OF DEMAND FOR MAINTENANCE AND OPERATION DOLLARS WITHIN THE PRS BUDGET, BUT WE'RE NOT TRYING TO DECIDE THAT TODAY. ANYTHING ELSE ON THIS? LET'S MOVE TO THE NEXT. BUSINESS LICENSE TAX. PEOPLE THINK THEY GET A BUSINESS LICENSE, THEY ARE ENTITLED TO OPERATE THEIR BUSINESS, BUT THIS IS REALLY JUST A TAX. WE HAVE HAD IT IN PLACE FOR A LONG TIME. AS YOU CAN SEE FROM THE '80S AND WE HAVEN'T INCREASED IT. IT DOESN'T HAVE AN INFLATOR BUILT INTO IT. SO THAT IS ONE THING WE COULD DO IS ADJUST FOR 20 YEARS OR SO OF INFLATION, ADDING AN INFLATOR TO IT BY MODERNIZING IT, THERE ARE AREAS THAT WE DON'T TAX. ONE AREA MENTIONED AREA WAS THE BANKS IN THE CARD ROOMS ARE NOT COVERED IN ANY CATEGORY, PROBABLY. UNDER OTHER AREAS THAT WE MIGHT LOOK AT, AND IF WE DO ALL OF THAT, IT COULD BE WORTH SOME MONEY. IT DEPENDS ON HOW MUCH YOU INCREASE IT. SO IT'S RUNNING \$12 TO \$13 MILLION AND IF YOU DOUBLED IT, IT WOULD BE DOUBLE THAT. SO QUESTIONS AND COMMENTS ON THIS ONE? COUNCIL MEMBER OLIVERIO -- I'M SORRY, LICCARDO.

>> HAVE WE LOOKED AT HOW MANY TAXES THAT MIGHT BE OUT THERE THAT COULD BE -- I KNOW WE HAVE ALREADY TALKED ABOUT ONE BEFORE WHERE WE COULD SIGNIFICANTLY INCREASE REVENUES BY SIMPLY INDEXING? IF WE WERE TO INCREASE AGGREGATING THOSE AND, AGAIN, THIS COULD RUN INTO PROBLEMS WITH OUR FRIENDS IN THE LEGAL DEPARTMENT, BUT TO SIMPLY SAY WE'RE GOING TO INDEX ALL OF THESE TAXES, RATHER THAN FIGHTING THE BATTLE INDIVIDUALLY? IS THERE SIGNIFICANT REVENUE THERE?

>> TWO QUESTIONS, FIRST IS WHETHER OR NOT WE COULD SORT OF DO A MEGA INDEX MEASURE. THE OTHER IS HOW MUCH MONEY MIGHT BE INVOLVED IF WE WERE TO TAKE THAT ON? HOW MANY SOURCES OF REVENUE DO WE HAVE IN THE GENERAL FUND? 100 OR SO? SALES TAX, PROPERTY TAX, UTILITY TAX, ARE THE THREE BIG ONES. CARD ROOM TAX WOULD BE ON THE LIST.

>> THOSE WOULD NOT BE SUBJECT TO CPI.

>> THERE WOULD NOT BE AN INFLATOR ON THOSE, BECAUSE THEY ARE DRIVEN BY THE ECONOMY. ARE THERE OTHER TAXES THAT MIGHT BENEFIT FROM INFLATION FACTORS, IF WE WERE TO DO THAT?

>> MR. MAYOR, SCOTT JOHNSON, DIRECTOR OF FINANCE. WE COULD AGGREGATE WHAT TAXES THE CITY HAS CONTROL OVER AS OPPOSED TO SALES TAX, WHERE WE DON'T HAVE CONTROL UNLESS WE INITIATE A PUBLIC OR A LOCAL TAX ON THE SALES TAX, A DISTRICT TAX. SO WE CAN LOOK AT THAT. WHAT WE DID THROUGH A NUMBER OF THESE IDEAS WAS WE FACTORED IN THE CPI, INFLATION ADJUSTMENT, SO WE CAN GO BACK AND CALCULATE FOR EACH OF THE TAXES, HOW MUCH WOULD WE GENERATE? IT'S A LEGAL QUESTION AS WELL WHETHER OR NOT WE CAN AGGRAVATE IN ONE BALLOT MEASURE?

>> AGAIN, THE ISSUE IS HOW MANY ITEMS AND WHETHER OR NOT THERE ARE DISTINCT ITEMS IN THE BALLOT MEASURE? AGAIN, WE CAN LOOK AT WHATEVER AND MAKE A DETERMINATION IF IT'S A SINGLE ITEM, REGARDLESS OF HOW MANY ISSUES ARE IN THERE OR WHETHER IN FACT THEY ARE SEPARATE ITEMS.

>> [INAUDIBLE] [INAUDIBLE]

>> THE BUSINESS LICENSE TAX HAS GOT DIFFERENT CATEGORIES FOR DIFFERENT SIZES OF BUSINESS. SO IF YOU WERE TO GO DOWN AND FORM A CORPORATION TODAY AND COME IN AND GET A BUSINESS LICENSE TAX, THAT IS \$150. \$150 AT THE LOW-END AND WE HAVE A CAP ON THE HIGH-END. WHAT IS THE HIGH-END?

>> \$22,500.

>> \$22,500 FOR THE HIGH-END. THAT IS THE RANGE. IT DEPENDS ON HOW MANY EMPLOYEES YOU HAVE, AMONG OTHER FACTORS, WHICH IS BACK TO THE MODERNIZATION PART OF IT. WE MIGHT DO IT DIFFERENTLY TODAY THAN WE DID IN 1984. COUNCIL MEMBER CONSTANT.

>> I WANTED YOU TO EXPLAIN HOW IT'S BROKEN DOWN.

>> OTHER QUESTIONS ON THE BUSINESS LICENSE TAX? THIS IS ONE THAT WOULD BE IMPORTANT TO HAVE THE BUSINESS COMMUNITY TO BUY INTO. I JUST WANT TO ASK THE QUESTION, WHAT COULD WE DO THAT WOULD MOTIVATE YOU AS A BUSINESS OWNER OF SAYING YES WITHOUT INCREASING THE BUSINESS LICENSE TAX? I DON'T THINK THIS IS ONE THAT YOU CAN WIN ON IF YOU DON'T HAVE BUY-IN FROM THE BUSINESS COMMUNITY. SO IF ANYBODY HAS IDEAS WHAT WE COULD DO AS A CITY TO INDUCE PEOPLE TO SAY THAT IS A GOOD IDEA, I WANT TO MAKE SURE THAT YOU GET THAT ON THE TABLE AS PART OF THIS MEETING. HARVEY

>> IT WOULD BE HELPFUL TO KNOW WHAT THE SURROUNDING CITIES HAVE FOR TAXES. WHETHER IT'S LOW-COST AREA OR HIGH COST AREA.

>> BEING A BUSINESS OWNER IN SAN JOSÉ, WHY DON'T WE DO IT LIKE FREMONT DOES ON REVENUE-BASE? EVERY YEAR I FILED A REPORT WHERE MY SALES WAS \$700,000 FOR ONE LOCATION AND THAT IS HOW THEY TAXED IT. I HAVE A BUSINESS HERE AS WELL. MY REVENUE HERE IS LESS THAN WHAT I WAS DOING OVER THERE. SO OVER THERE, IN FREMONT I PAID \$535 EVERY YEAR. HERE, I AM PAYING \$186. HERE IS EMPLOYEE-BASED HOW MANY EMPLOYEES I HAVE. I THINK MAYBE WHERE WE BASE IT SALES, I THINK WE WOULD GENERATE MORE REVENUE AND YOU COULD PUT A CAP ON IT, BECAUSE YOU DON'T WANT TO PENALIZE BIG CORPORATIONS, LIKE CISCO AND OTHERS. THANK YOU

>> I THINK BASICALLY MOST OF IT IS DRIVEN BY EMPLOYEES AND SIZE OF EMPLOYEES, BUT MODERNIZING IT, ONE OF THOSE THINGS TO CONSIDER IS MOVE TO A REVENUE-BASED VERSUS EMPLOYEE-BASED. THAT COULD BE A FACTOR. BUSINESS ARE MORE LIKELY TO BE WILLING TO COUGH UP THE NUMBER OF EMPLOYEES VERSUS REVENUE. I KNOW THAT WAS A FACTOR WE THOUGHT ABOUT BACK IN THE '80S.

>> THANK YOU, MAYOR. I THINK THAT IS A GOOD SUGGESTION AND ALSO I THINK FOLLOWS UP ON WHAT OTHER JURISDICTIONS ARE DOING. [INAUDIBLE]

>> THAT IS CUTTING OUT.

>> A REVENUE-BASED SYSTEM, BECAUSE EMPLOYEES DON'T ALWAYS REFLECT HOW THE BUSINESS IS DOING. IN DOING A REVENUE-BASED SYSTEM, IF YOU HAVE SAY SMALL MOM AND POP SHOP THAT OPENS UP AND THEY ARE NOT MAKING ANY MONEY, THAT COULD BE DIFFERENT FROM A START-UP THAT GETS A LOT OF FUNDING AND IS ABLE TO INCREASE THEIR REVENUES. THAT IS A GREAT IDEA BROUGHT UP BY THIS GENTLEMAN AND SHOULD BE LOOKED INTO.

>> OTHERS ON THIS?

>> TO ANSWER YOUR QUESTION ON WHAT YOU CAN DO TO GET THE BUSINESSES ON BOARD? WHAT TYPE OF SERVICES, WHAT TYPE OF BENEFIT IS THE BUSINESS COMMUNITY GOING TO GET FROM THAT TAX? THE CITY COULD PUT TOGETHER A PLAN OR JUSTIFICATION THAT IF YOU PAY THE TAX, THE CITY HAS THESE SPECIAL PROGRAMS THAT BENEFITS BUSINESS. THAT WE'RE GOING TO DO MARKETING, WHATEVER IT'S DOING TO TAKE THAT THEY FEEL THEY ARE GETTING VALUE. I THINK THAT IS WHERE YOU ARE GOING TO GET THE BUSINESS COMMUNITY TO SUPPORT IT. ONE OTHER COMMENT, SAN JOSÉ ALREADY AS A REPUTATION OF NOT NECESSARILY BEING BUSINESS-FRIENDLY AND SO BY INCREASING THE TAX OR ANYTHING THAT WILL CAUSE A HIGHER COST OF BUSINESS, I THINK WILL HELP PERPETUATE THAT PERCEPTION. SO WE HAVE TO BE CAREFUL WHEN YOU INCREASE TAXES LIKE THAT.

>> THAT GOES TO THE QUESTION CAN WE GET THE BUSINESS COMMUNITY TO SUPPORT IT, AS OPPOSED TO SAYING THAT YOU ARE GOING TO KILL THE BUSINESSES IF YOU ARE GOING

TO DO IT. THAT WOULD NOT BE A GOOD MESSAGE AND THAT IS PART OF THE TASK OF EVALUATING THIS ONE AS WELL AS THE OTHERS, HOW DO YOU GET THE BROADER COMMUNITY SUPPORT THAT ALLOWS YOU TO WIN WHEN YOU GET TO ELECTION DAY?

>> THANK YOU. I THINK THAT SHOWING A BENEFIT TO THE BUSINESS COMMUNITY OF HOW CAN WE BRING MORE BUSINESS TO THE CITY, INSTEAD OF JUST CHARGING? THE REVENUE-BASED SOUNDS LIKE A GOOD IDEA, BUT I WOULD SAY AND YOU ARE GOING TO SHOOT ME NOW, BUT DOING A REAL EXPANSION ON THE CONVENTION CENTER, SOMETHING LIKE THAT. SOMETHING BIG WHERE THE CITY STEPS OUT AND SAYS WE'RE GOING TO DO THIS SO WE BRING A LOT MORE REVENUE TO THE BUSINESS IN THE DOWNTOWN AREA, AND SURROUNDING AREAS AND THAT WILL INCREASE THE TAX BASE IN MANY DIFFERENT AREAS.

>> ONE THING TO KEEP IN MIND, THE MORE SPECIFIC WE GET ABOUT WHAT WE DO, THE MORE LIKELY WE HAVE TO GET TO THE TWO-THIRDS VOTE. THERE IS THAT BALANCE OF SAYING HERE IS WHAT WE'RE GOING TO AS OPPOSED TO PLEDGING THE FUNDS FOR A SPECIFIC PURPOSE. ANYTHING ELSE ON THIS? COUNCIL MEMBER OLIVERIO?

>> THIS IS ONE AREA, WHERE THE CITY COULD, IF THEY CHOOSE TO, ADOPT TAXATION ON MEDICINAL MARIJUANA. OTHER CITIES HAVE IT PASS IN THE SEVEN FIGURES AND IT'S SOMETHING THAT THE VOTERS HAVE ACCEPTED IN ALMOST EVERY CASE?

>> AND UNDER OUR EXISTING ORDINANCE, A MEDICINAL MARIJUANA COULD JUST BE SUBJECT TO THE REGULAR BUSINESS LICENSE TAX BASED ON EMPLOYEES? SO YOU ARE TALKING ABOUT HAVING A SEPARATE CATEGORY, SHORT OF LIKE WE TALKED ABOUT WITH THE CARD CLUBS AND THEIR BANKERS IS TO HAVE ANOTHER NEW CATEGORY IN THE BUSINESS LICENSE TAX THAT WOULD GENERATE NEW REVENUES. ANY OTHER COMMENTS ON THIS?

>> I HAVE GOT A FRIEND WHO HAS A SMALL BUSINESS AND I'M JUST CONCERNED THAT THE BUSINESSES, SOME OF THE VERY SMALL ONES THAT ARE MAY BE NOT DOING QUITE AS WELL MIGHT FEEL LIKE, YOU KNOW? ESPECIALLY IF THEY ARE KIND OF ON THE BRINK OF DECIDING WHETHER THEY WILL CLOSE OR OPEN, MIGHT NOT THINK THAT THIS WOULD BE GOOD, UNLESS THEY FELT THEY WERE GETTING SOMETHING FOR IT. BECAUSE I KNOW MY FRIEND FEELS LIKE I HAVE JUST PAID THAT TAX AND I'M NOT GETTING REALLY ANYTHING. WHAT IS THE CITY OF SAN JOSÉ DOING AND LOOK AT OTHER CITIES TO SEE IF THEY WOULD BE BETTER SUITED TO BE THERE.

>> TINA.

>> I WOULD LIKE TO ECHO SUPPORT FOR THE MEDICAL MARIJUANA DISPENSARIES. I KNOW WE'RE LOSING REVENUE FROM OTHER CITIES WHO DO HAVE THESE DISPENSARIES. SO I WOULD ENCOURAGE IT GOES TO COUNCIL, SO COUNCIL CAN HAVE A DISCUSSION ON IT BECAUSE IT'S A VIABLE SOURCE OF REVENUE

>> ONE MORE I JUST WANTED TO FOLLOW ON WHAT HARVEY SAID EARLIER WITH HOW WE RELATE TO THE SURROUNDING BUSINESSES. MY DISTRICT, AS MANY PEOPLE KNOW IS SURROUNDED BY FOUR CITIES AND THERE IS NO PLACE YOU CAN STAND IN MY DISTRICT AND NOT TRAVEL JUST LESS THAN TWO MILES AND BE IN OTHER CITY. AS A CONSEQUENCE, THERE ARE BUSINESSES WHERE PEOPLE CHOOSE TO LOCATE IN CAMPBELL, VERSUS SAN JOSÉ, BECAUSE THE BUSINESS LICENSE TAX IS SIGNIFICANTLY LESS. I THINK IF YOU LOOK AT WHERE OUR MAJOR SALES TAX DOLLARS ARE GENERATED IN NORTH SAN JOSÉ, IN MY DISTRICT, IT'S VERY EASY FOR PEOPLE JUST TO MOVE TO THOSE OTHER CITIES AND WE HAVE TO BE CAREFUL IN CRITICALLY ANALYZING THE BUSINESS TAX AND SALES TAX, BECAUSE YOU CAN BUY A TAX ON EITHER SIDE OF STEVEN'S CREEK BOULEVARD. I KNOW BUSINESS OTHERS WHO ARE LOCATED TO SAVE ON THAT. I THINK IT'S CRITICAL WE ANALYZE THAT?

>> WHAT HAS THE CITY INVESTED IN SIGNS THAT WOULD ADVERTISE TO SMALL BUSINESSES THAT ARE LOCATED WITHIN THE CITY? I DON'T THINK THE OUTLAY WOULD BE TOO MUCH AND WE HAVE TO LOOK AT WHAT WE'RE GOING TO CUT.

>> WE'RE GOING TO COME BACK TO THE CUTTING QUESTION, WHICH IS PART OF THE NEXT SECTION. THE SIGN ORDINANCE WILL BE BEFORE THE CITY COUNCIL AGENDA TO TALK ABOUT MODIFYING OUR SIGNAGE AND THAT MIGHT BE A TIME FOR YOU TO COME. IT SHOULD BE POSTED ONLINE IF YOU WANT TO SEE STAFF'S RECOMMENDATION AS PART OF THE JANUARY 12TH AGENDA. TURNING TO THE OTHER CATEGORY, BECAUSE I WANT TO HEAR

WHAT YOU HAVE FOR OTHER IDEAS. LET ME GIVE YOU TWO. THEY ARE NOT ON THE SLIDE DECK, BUT ON THE BLUE SHEET. THIS IS ANY OTHER CATEGORY, BECAUSE WE DON'T HAVE A LOT OF WORK ON THEM. LOCALIZED MAINTENANCE ASSESSMENT DISTRICTS. WE HAVE A LOT OF ASSESSMENT DISTRICTS IN THE CITY THAT WERE CREATED TO DO LANDSCAPING, ESPECIALLY LIKE IN NORTHERN SAN JOSÉ. I DON'T KNOW HOW MANY WE HAVE, BUT THE PEOPLE PAY A SPECIAL TAX TO TAKE CARE OF LANDSCAPING, MEDIAN/AISLE LANDSCAPING AND OTHER THINGS. THERE IS A FOUNTAIN AND LANDSCAPING CLOSE TO THE MERCURY NEWS THERE THAT IS A MAINTENANCE DISTRICT. SO THOSE KIND OF THINGS. WE COULD DO MORE OF THOSE IN THE CITY THAT WOULD HELP WITHIN A LIMITED GEOGRAPHY TO DO MAINTENANCE, ROADS OR LANDSCAPING OR THOSE KIND OF THINGS. THE OTHER ONE IS A SERVICE-SPECIFIC PARCEL TAX, WHICH WE HAVE THE LIBRARY PARCEL TAX WAS LAST ON THE BALLOT IN 2004 FOR RENEWAL. THAT GENERATES HOW MUCH PER YEAR, JANE?

>> \$7 MILLION.

>> THAT GENERATES \$7 MILLION A YEAR FOR THE LIBRARY SPECIFIC AND WHAT IS THE PER PARCEL PRICE?

>> \$27.

>> \$27 FOR A SINGLE-FAMILY HOME. GENERATED \$7 MILLION A YEAR FOR THE LIBRARY. WE COULD DO OTHERS. I KNOW THAT EVERYBODY WHO HAS THEIR FAVORITE THING IN THE CITY BELIEVES THAT VOTERS WOULD APPROVE A TAX TO SUPPORT THEIR FAVORITE THING. IT'S NOT ALWAYS THE CASE BUT IT'S A POSSIBILITY. WE HAVE HAD SUCCESS WITH THE LIBRARY TAX, EVEN THOUGH IT TAKES TWO-THIRDS VOTE, WE GET OVER THE GOALLINE WITH NOT MUCH MARGIN TO SPARE. 600 VOTES CITYWIDE. IT'S POSSIBLE BECAUSE PEOPLE VALUE SOME THINGS AND THEY ARE WILLING TO PAY FOR THEM. SO THAT IS A POSSIBILITY. LET'S JUST OPEN IT UP FOR ANY OTHER SUGGESTIONS THAT ANYBODY WANTS TO TALK ABOUT THESE OR ASK ABOUT THESE. THAT IS FINE.

>> THE PARCEL TAX FOR THE LIBRARY IS A PERFECT EXAMPLE -- --

>> CAN YOU GET THE MICROPHONE? THERE YOU GO.

>> THANK YOU. THE PARCEL TAX TO HELP THE LIBRARIES WITH A SUNSET IS A PERFECT EXAMPLE OF THE EXPRESSION THAT THERE IS NOTHING MORE PERMANENT THAN A TEMPORARY TAX. SO WHEN IT COMES UP FOR RENEWAL, THEY WILL ALWAYS ASK TO RENEW IT AGAIN AND AGAIN AND AGAIN. SO THAT IS PERMANENT AND DOESN'T SOLVE THE FUNDAMENTAL SPENDING PROBLEM.

>> THE LIBRARY TAX IS DONE IN TEN-YEAR INCREMENTS. SO EACH TIME WE HAVE TO GO BACK TO THE VOTERS AND ASK FOR PERMISSION AGAIN?

>> RIGHT, SO AT ANY TIME THE VOTERS COULD DECIDE THEY NO LONGER WISH TO PAY IT. SUNSET IS NOT NECESSARILY THE IDEA THAT IS GOES OUT OF BUSINESS, BUT ONCE AGAIN THE VOTERS HAVE TO MAKE A CHOICE.

>> ONE THING I REMEMBER IS THE QUESTION ABOUT THE INFLATOR. SO WE PICK A NUMBER AND THAT NUMBER IS IN PLACE FOR HOW LONG?

>> IT IS IN -- WHEN IT WAS VOTED THIS LAST TIME, THERE WAS AN INFLATOR ADDED, SO IT WAS KEPT AT THE SAME INITIAL \$25 RATE FOR TEN YEARS WITH AN INFLATOR CAPPED AT 3% FOR CPI. INFLATION HAS BEEN SO LOW IT'S BEEN BETWEEN 1-2%. SO IT HAS GONE UP ARE FROM \$25 TO \$27 IN FIVE YEARS.

>> SO ASK PEOPLE TO CONTINUE PAYING THE TAX AT THE SAME RATE THAT THEY ARE ALREADY PAYING IS MORE PALATABLE.

>> I REALLY DIDN'T COME HERE TO INCREASE TAXES, BUT I WANTED TO HEAR HOW THEY ARE CUTTING EXPENDITURES?

>> THAT IS NEXT.

>> I HEARD YOU SAY MR. MAYOR, EARLIER, PEOPLE TEND TO LIKE TAXS THAT FAVOR PEOPLE FROM ELSEWHERE AND I'M WONDERING WHY IT DOESN'T INCLUDE INCREASING TAXES ON AIRPORT CAR RENTALS AND HOTEL OCCUPANCIES AND INCREASING TAXES ON EVENTS THAT PEOPLE COME TO, LIKE SPORTS EVENT, CONCERTS, ET CETERA? MANY OF THOSE THINGS ARE PAID BY PEOPLE WHO DO NOT LIVE HERE AND IT WOULD BENEFIT THE PEOPLE WHO WOULD DO HERE? SO WHY WEREN'T THEY ON THIS LIST?

>> FIRST ON AIRPORT CAR RENTALS, I BELIEVE THE STATE HAS TAKEN THAT OPTION FOR US. THEY HAVE SAID WE CAN'T INCREASE -- PREEMPTED BY STATE LAW. HOTEL TAX, THE

HOTELIERS JUST APPROVED A 4% INCREASE IN THE TAX IN A SPECIAL ASSESSMENT DISTRICT JUST FOR HOTELS THAT THEY VOTED ON. THAT 4% IS DEDICATED TO THAT. AND WHAT WAS THE THIRD ONE YOU ASKED ABOUT?

>> EVENT TAXES.

>> SPORTING EVENT TAXES, SURCHARGE ON HOCKEY OR WHATEVER WOULD BE A TAX AND WOULD HAVE TO GO TO AVOTE. I THINK WE HAVE LOOKED AT THAT.

>> THE QUESTION IS WHETHER OR NOT IT'S A TAX THAT THE CITY IS IMPOSING OR WHETHER IT'S A FEE THAT WE'RE IMPOSING ON THE PROMOTER AND THE PROMOTER HAS TO CONVEY TO THE CITY AND CHARGE TO THE ATTENDEE? SO WE WOULD HAVE TO STRUCTURE IT IN A WAY IT WASN'T A TAX IMPOSED ON THE ATTENDEE AND IT WAS A FEE TO THE PROMOTER OF THAT EVENT.

>> WE HAVE SOMETHING SIMILAR TO THAT AROUND SOME OF OUR FACILITIES THAT TEAM SAN JOSÉ, I THINK, IS CHARGING FOR PHIL SILVI'S REHAB FEE IS CHARGED AS PART OF THE TICKET PRICE. THAT IS NOT THE TAX. THE OPERATOR IS CHARGING IT. THAT IS POSSIBILITY. OTHER AREAS HAVE FEES ON TICKETS.

>> MAYOR, WE HAVE BEEN IMPOSING USAGE FEES OFF AND ON USE OF THE COMMUNITY CENTERS. HAS THAT GENERATED REVENUES THAT MAKE IT REVENUE-NEUTRAL, IS SO THAT THE COMMUNITY CENTERS ARE SELF-SUPPORTING?

>> I DON'T THINK SO BY A LONG MEASURE. PARKS AND RECREATION WENT THROUGH A MAJOR EFFORT THIS YEAR TO INCREASE THE RECOVERY OF FEES GENERALLY AROUND THE SYSTEM, BECAUSE WE WERE WAY BELOW OTHER CITIES IN THE AMOUNT THAT WE RECOVERED THROUGH A VARIETY OF FEES. SO WE'RE NOWHERE NEAR PAYING FOR THE PROGRAMS. IT DOES CONTINUE TO REQUIRE GENERAL FUND SUBSIDY, ALTHOUGH A LOT OF PEOPLE HAVE OBJECTED TO AN INCREASE IN THE FEES. IT'S NOT YET A COST-RECOVERY. THAT IS ONE OF THOSE COST-RECOVERY AREAS WHEN I FIRST STARTED TO TALK ABOUT THE \$4 TO \$6 MILLION, COST-RECOVERY RAISES THAT QUESTION SO THAT PARKS AND COMMUNITY CENTERS ARE NOT FOR COST-RECOVERY AT LEAST IN THE COUNCIL'S MINDS. I THINK WE TRY TO

>> FIRST, WHERE THE SPECIFIC PARCEL TAXES, THERE IS AN EXAMPLE OF PUBLIC SAFETY AND I WOULD LIKE TO SUGGEST THAT WE BROADEN THE DEFINITION OF "PUBLIC SAFETY," SO THAT IT INCLUDES PROACTIVE OPPORTUNITIES, SUCH AS KEEPING LIBRARIES OPEN LONGER HOURS, POOLS OPEN, PARKS OPEN. BECAUSE OFTEN TIMES WHEN YOU PRESENT SOMETHING AS PUBLIC SAFETY, PEOPLE THINK OF POLICE AND NEAR FIRE AND I WOULD LIKE TO OFFER PROACTIVE THINGS TO KEEP OUR KIDS OFF THE STREETS RATHER THAN HAVE THEM ARRESTED OR WHATEVER. MY OTHER COMMENT IS THAT ITS MY UNDERSTANDING THAT THE CITY GETS \$10 MILLION IN TOBACCO MONEY AND HISTORICALLY WE HAVE GIVEN THAT TO CHARITIES, WHICH IS VERY NICE. CHARITIES ARE A VERY WORTHY CAUSE AND AT THE SAME TIME, I WOULD LIKE TO HAVE THE COUNCIL RECONSIDER GIVING THE MONEY AWAY AT SUCH A DESPERATE TIME WHEN BE NEED THIS MONEY.

>> OKAY, WE'LL COME BACK TO THAT AS PART OF THE NEXT SECTION. BECAUSE THAT IS NOT NEW REVENUES, BUT CHANGING THE WAY WE USE EXISTING REVENUES.

>> DIRECTED TO MR. CHUCK REED AND I WAS WONDERING WHAT POWERS DOES THE MAYOR HAVE TO HELP THE PEOPLE?

>> I DON'T HAVE THE POWER TO RAISE TAXES. THAT ONLY THE PEOPLE CAN DO. THAT IS WHY WE'RE TALKING ABOUT HAVING THESE THINGS PUT TO A VOTE. SO I HAVE THE POWER TO MAKE RECOMMENDATIONS TO THE COUNCIL FOR MAKING POLICY CHANGES AND THAT IS PART OF WHAT WE'RE DOING HERE IS ULTIMATELY I'M GOING TO MAKE A RECOMMENDATION TO THE COUNCIL ON HOW TO SOLVE THE BUDGET PROBLEMS. BUT THESE ARE THE PEOPLE WHO ULTIMATELY HAVE TO MAKE THE DECISION. COUNCIL MEMBER OLIVERO.

>> I THINK ONE THING THAT SHOULD BE THROWN UP THERE UTILITY TAX INCREASE. IT BRINGS IN \$12 MILLION AND IT'S GREEN, BECAUSE YOU WANT TO DETER CONSUMPTION OF ENERGY, FOR ALL THE REASONS THAT EVERYBODY KNOWS, BUT ON THE OTHER SIDE OF THE FENCE AS WE CONVERT AUTOMOBILES FROM GAS TO ELECTRIC, THAT IS GOING TO BE MORE OF A POWER SOURCE. SO YOU MIGHT AS WELL COLLECT THAT REVENUE NOW. IN ADDITION, IT TREATS EVERYBODY FAIRLY. WHETHER YOU ARE AN APARTMENT PERSON OR HOMEOWNER, YOU STILL USE UTILITIES. IT'S FAIR AND IT'S A GREEN TAX.

>> THAT IS INTERESTING, BECAUSE SOMETHING THAT WE'RE DOING ON OUR ENVIRONMENTAL AGENDA IS COUNTER TO REVENUES, SUCH AS RECYCLING. WE DON'T CHARGE FOR RECYCLING LIKE WE DO DUMPING STUFF IN THE LANDFILL. IF EVERYBODY HAD AN ELECTRIC CAR PLUGGED IN EVERY NIGHT, IS IT AT 5%? THE CURRENT TAX RATE? AND THE UTILITY TAX APPLIES TO GAS, ELECTRIC, WATER, TELEPHONE. SO YOU ARE SAYING INCREASE THE RATE FROM 5% TO SOMETHING ELSE?

>> JUST SOME OTHER NUMBER?

>> AND TOTAL UTILITY TAXES COMING IN? \$85 MILLION A YEAR, SO 10% INCREASE, \$8 MILLION. IT WITH REQUIRE A VOTE, BUT IT'S A GENERAL TAX. [INAUDIBLE]

>> TAX PENSION DISTRIBUTIONS?

>> EMPLOYEE PENSION FUND DISTRIBUTIONS? WE HAVE BEEN SUBSIDIZES THEIR LOSSES AND THEY ARE TAKING ALL THE GAINS. [INAUDIBLE]

>> SO THE QUESTION IS TAX RETIREMENT FUND DISTRIBUTIONS. WE DON'T HAVE A WAGE TAX. WE DON'T HAVE AN INCOME TAX. ARE WE PREEMPTED BY STATE LAW? SO I PRESUME WE'RE PROBABLY PREEMPTED FROM TAXING PENSION FUND DISTRIBUTIONS AS WELL? BECAUSE IT WOULD BE WITHIN THE INCOME TAX CATEGORY. SO THAT IS ONE OF THE PROBLEMS WITH THAT. I'M SURE IF WE WAIT LONG ENOUGH, THE STATE LEGISLATURE WILL FIGURE OUT A WAY TO TAX IT -- OH, THEY ARE TAXING IT. STATE AND FEDERAL INCOME TAXES APPLY TO THAT, AS WELL AS WHEN THEY ARE WORKING ON THE PAYROLL.

>> SINCE WE'RE TALKING ABOUT STATE PREEMPTION AND OTHER SIN TAXES. ARE WE PREEMPTED BY STATE LAW BY GOING AFTER A POTATO CHIP, SODA, TAX, THINGS LIKE THAT THAT WE WOULD SIMPLY TAX ITEMS THAT SEEM TO BE OF VERY LITTLE FOOD VALUE, BUT OTHERWISE SIGNIFICANTLY INCREASE PUBLIC SERVICE BURDENS ON OUR HOSPITALS, SO FORTH?

>> WE KNOW THAT SO-CALLED SIN TAXES HAVE GOOD SUPPORT. ALCOHOL, TOBACCO, SO IS THERE A STATE PREEMPTION IN WE WANTED TO EXPAND THAT TO INCLUDE MARIJUANA, SODA, ET CETERA?

>> WE WOULD HAVE TO DETERMINE THAT, SIMPLY BECAUSE THEY WOULD LOOK AT IT AS A SALES TAX. WE WOULD HAVE TO LOOK AT THE SPECIFIC THAT YOU ARE LOOKING TO REGULATE.

>> IF WE HAVE THE ABILITY TO RAISE SALES TAXES ?

>> THERE ARE LIMITATIONS ON THAT. AGAIN, THE GENERAL ISSUE OF INCREASING TAXES ON SPECIFIC ITEMS WE WOULD HAVE TO LOOK AT IF WE'RE PREEMPTED. I SUSPECT WE WOULD BE, BUT WE HAVE TO LOOK AT IT.

>> I THINK THIS IS LARGER SUPPORT FOR THOSE KIND OF SALES TAXES THAN A GENERAL SALES TAX, BUT THAT IS JUST A GUESS. [INAUDIBLE] WHAT ABOUT ALL-NATURAL POTATO CHIPS? [LAUGHTER] BAKED NOT FRIED. WE MIGHT HAVE A GOOD DISCUSSION ABOUT WHICH THINGS ARE SINS AND WHICH ARE NOT -- -- OKAY. PUT THAT DOWN. TAX BY THE POUND. [LAUGHTER] THAT COULD BE ANOTHER INCENTIVE TO LOSE THE WEIGHT, I GUESS. ANYTHING ELSE IN THE "OTHER CATEGORY" THAT WE MIGHT WANT TO TALK ABOUT AND GET ON THE TABLE?

>> JUST KIND OF INCREASING FEES FOR SPEEDING, PARKING TICKETS, CODE VIOLATIONS. THOSE KIND OF PENALTIES OR FEES I THINK WOULD GENERAL ADDITIONAL REVENUE AND YOU WOULD HAVE A LOT LESS RESISTANCE FROM THE COMMUNITY WITH THOSE.

>> SPEEDING TICKETS, NOT A TAX. BUT WE'RE LIMITED TO HOW MUCH WE CAN CHARGE AND WHAT OUR SHARE IS OF SPEEDING TICKETS. SO WHAT LIMITS US? WHY DON'T WE SAY JUST ADD \$100 TO EACH TICKET? WHAT PREVENTS US FROM DOING THAT?

>> THOSE ARE PROBABLY REGULATED BY PENAL CODE. THERE HAVE BEEN SOME SUGGESTIONS TO INCREASE THOSE AND THOSE FOR THE MOST PART HAVE BEEN PRE-EMPTED BY STATE LAW.

>> WHAT ABOUT OVERSTAYING AT THE PARKING METER?

>> I THINK THERE ARE TRAFFIC VIOLATIONS LIKE PARKING THAT WE COULD INCREASE. WE WOULD HAVE TO LOOK AT THAT, BUT MOVING VIOLATIONS ARE PRIMARILY PRE-EMPTED.

>> IF WE WERE TO INCREASE THE OVERTIME PARKING IS THAT A TAX OR FEE?

>> IT LOOKS LIKE IT WOULD BE A FINE OR PENALTY FOR VIOLATING A PARTICULAR RULE. SO IT LOOKS LIKE IT WOULDN'T BE A TAX.

>> I KNOW SAN FRANCISCO DID IT, AND OTHERS HAVE EXPERIMENTED WITH IT. SO WE DON'T KNOW WHAT THE LAW MIGHT BE ON THAT. SO THAT IS POSSIBILITY.

>> MAYOR REED, I SENT AN EMAIL RECENTLY TO THE CITY ATTORNEY'S OFFICE AND I THINK THEY ARE STILL LOOKING AT, BUT SOME MUNICIPALITIES HAVE LOOKED AT CREATING MUNICIPAL CODES FOR VIOLATIONS, MUNICIPAL CODES FOR DISTURBING THE PEACE, EVEN THOUGH THERE IS A PENAL CODE SECTION AND OTHERS BECAUSE MUNICIPAL CODE VIOLATIONS ALLOW PENALTIES TO COME BACK TO THE MUNICIPAL AUTHORITY AND NOT GO THROUGH THE STATE. I THINK THAT IS SOMETHING WE WERE COULD ACCOMPLISH MULTIPLE GOALS. WE KNOW THAT THE NEIGHBORHOOD COMPLIANT CITYWIDE IS SPEEDING AND SO CREATING A CODE OF SPEEDING IN 25 MILES PER HOUR OR LESS DISTRICTS COULD BECOME A MUNICIPAL CODE AND CREATE A DOUBLE BANG FOR YOUR BUCK, SO TO SPEAK. I'M LOOKING FORWARD TO GETTING THAT ANALYSIS BACK BECAUSE IT COULD HAVE A BIG IMPACT.

>> JENNIFER.

>> JENNIFER MAGUIRE, PARKING DIRECTOR. WE DID INCREASE OUR PARKING CITATIONS ON AVERAGE ABOUT 27%, WHICH BROUGHT AN ADDITIONAL \$1 MILLION INTO CITY REVENUES.

>> I LIKED THE MEDICAL MARIJUANA THING AND I REALLY THINK IF YOU SET UP QUITE A FEW OF THEM, THAT WOULD BE GREAT. [LAUGHTER] AND I THINK YOU COULD MAKE SOME MONEY ON THAT.

>> I THINK IF THERE IS GOING TO BE SERIOUS MONEY ON MEDICAL MARIJUANA, THE STATE IS GOING TO TAKE IT ALL, BUT WE MIGHT GET AHEAD OF THEM FOR A WHILE. WE'RE GOING TO COME BACK OVER HERE.

>> I DON'T KNOW IF THERE A TAX OR YOU ASK TAX PER DRINK BUT I'M THINKING, LIKE, THE BARS ON THE WEEKENDS. IF WE COULD ADD, I DON'T KNOW, A NICKLE OR DIME PER DRINK. 11:00, 12:00, 1:00 AT NIGHT, PEOPLE ARE NOT GOING TO DICKER OVER AN ADDITIONAL TEN CENTS. I DON'T KNOW IF THAT IS A POSSIBILITY, BUT IT SEEMS A LOT OF MONEY IS MADE ON ALCOHOL.

>> DOES THAT TAKE US BACK TO THE SPECIFIC SALES TAX INCREASE? THAT IS A SALES TAX QUESTION, BUT WE DO HAVE SOME INSTANCES, I THINK, IN OAKLAND, THEY HAD A PER DRINK FEE THAT IS A COST RECOVERY FOR SOME ENFORCEMENT ISSUES. WE HAVE BEEN LOOKING AT HOW TO RECOVER OUR OVERTIME COSTS AT NIGHTCLUBS, BUT THAT PER DRINK ONE IS NOT AS PROMISING AS THE OTHER WAY WE'RE TRYING TO DO IT, BUT IT DOES RAISE THE SALES TAX QUESTION WHETHER YOU CAN DO THE SPECIFIC ITEMS.

>> MAYBE I AM OLD-FASHIONED HERE ON THE QUESTION OF MARIJUANA AND THE AVAILABILITY OF IT. WHERE DO YOU START TO DRAW THE LINE WHEN YOU START TO GO INTO THESE THINGS?

>> THERE IS A PRETTY CLEAR LINE BETWEEN PROSTITUTION AND MARIJUANA, BECAUSE MEDICAL MARIJUANA IS LEGAL UNDER CALIFORNIA LAW, NOT THE FEDERAL LAW, BUT THE OBAMA ADMINISTRATION SAYS THEY WON'T ENFORCE IT. IT DOES RAISE INTERESTING ISSUES FOR US, WHICH WE HAVEN'T RESOLVED ABOUT WHAT TO DO ABOUT IT. ANYTHING ELSE IN THE "OTHER "CATEGORY?

>> HAS THE CITY CONSIDERED MEDALLIONS ON TAXI CABS?

>> THAT IS NOT THE WAY WE REGULATE OUR TAXI ISSUE. WE HAVE LICENSES AND WE CHARGE THEM FOR LICENSES AND THERE IS A CERTAIN NUMBER THAT GET LICENSES. THEY PAY FOR THAT, BUT OUR TAXI CAB REGULATION SYSTEM IS NOT COST-RECOVERY. I THINK WE COULD GET UP A LITTLE MORE MONEY TO FUND THE DEPARTMENT OF TRANSPORTATION. I THINK THE POLICE DEPARTMENT IS 50% COST RECOVERY. CHIEF, DO YOU KNOW? I THINK I HEARD THAT WHEN WE ASKED THE QUESTION, D.O.T. IS CLOSE TO ZERO AND ON THE REGULATORY SIDE AND THE POLICE DEPARTMENT IS ABOUT 50%. SO THAT IS A POSSIBILITY OF ADDITIONAL FEES ON THE COST-RECOVERY THING. BACK THERE.

>> HOW ABOUT EVERYONE WOULD BUY A TICKET TO GO INTO THE COMMUNITY CENTER, YOU KNOW? IT WON'T BE EXTRAORDINARY EXPENSIVE, BUT SAY YOU CHARGE A DOLLAR AND THAT COULD BE FOR SENIORS AS WELL AS THE KIDS. BECAUSE THE PARENTS PAY FOR BABYSITTING AND THAT IS REALLY WHAT IS GOING ON.

>> ANYBODY ELSE WITH ANYTHING FOR THE OTHER CATEGORY? I'M GOING TO SWITCH TOPICKS FROM POTENTIAL REVENUE SOURCES TO POTENTIAL SAVINGS. I HAVE THE FOUR USUAL SUSPECTS ON THE LIST, ONLY BECAUSE THESE HAVE BEEN DISCUSSED AND DEBATED IN SOME CASES FOR DECADES, I THINK. MUNICIPAL WATER ON THERE. I THINK THAT DEBATE STARTED IN THE EARLY '90S. BOB, YOU REMEMBER, EARLY '90S? IT'S A POTENTIAL SOURCE OF REVENUE AND COMPLICATED FASHION, IF YOU CAN'T SELL IT, YOU COULD LEASE IT. IT'S COMPLICATED, BUT IT HAS BEEN DISCUSSEDED AND REMAINS ON THE LIST OF THINGS TO TALK ABOUT. THE DOLCE HAYES MANSION IS AN HISTORIC BUILDING THAT HAS BEEN REHABILITATED AND WE OPERATE IT. IN THE GO-GO DAYS OF THE LATE '90S, 2000 IT WAS DOING OKAY. IT'S NOT DOING SO WELL NOW. THERE IS DEBT SERVICE \$4 MILLION A YEAR AND FOR A PERIOD OF YEAR THEY WERE RUNNING POSITIVE ON THE OPERATIONS, BUT THEY ARE NOW STARTED TO RUN NEGATIVE ON THE OPERATIONS. SO I THINK THIS YEAR IT'S GOING TO COST US \$6 MILLION FOR THE OPERATIONS OF THE MANSION. WE DID LOOK AT TRYING TO SELL IT AS A HOTEL AND CONFERENCE CENTER A FEW YEARS AGO. NOBODY WANTED TO BUY IT AT COVERING THE DEBT SERVICE. COVERING DEBT SERVICE IS THE QUESTION, BUT THERE ARE PEOPLE WHO BELIEVE YOU COULD SELL IT FOR OTHER USES SUCH AS AN ASSISTED-LIVING FACILITY, DIFFERENT MARKET AND DIFFERENT VALUATION AND WE MIGHT BE ABLE TO COVER THE DEBT. I DON'T KNOW WHAT THE TOTAL DEBT IS NOW, SCOTT, DO YOU KNOW?

>> \$64 MILLION.

>> \$64 MILLION WE OWE ON IT AND IF YOU COULD SELL IT FOR \$65 MILLION, YOU WOULDN'T HAVE THE DEBT OR OPERATING COST. OF COURSE, THE MARKET IS NOT THAT GREAT FOR HOUSING OF ANYTHING, BUT IT WILL COME BACK. WE HAVE THREE GOLF COURSES. THE MUNICIPAL GOLF COURSE IS SORT OF A POSITIVE CASH FLOW, BECAUSE THERE IS NO DEBT SERVICE. THAT IS LEASED. WE GET SOME REVENUES OUT OF THAT. THE LOS LAGOS GOLF COURSE IS THE NEW ONE AND WE HAVE SIGNIFICANT DEBT AND I DON'T KNOW IF WE'RE BREAKING EVEN. IT'S NOT ENOUGH TO COVER EVERYTHING. THE OTHER ONE IS RANCHO DEPUEBLO, WHICH USED TO BE A LARGER GOLF COURSE. IT'S NOW SMALLER. THE MOST IMPORTANT DIFFERENCE IS THAT RANCHO PUEBLO IS NOT PARKLAND. IF YOU WANT TO GET RID OF PARKLAND, YOU HAVE TO ASK THE VOTERS' PERMISSION. RANCHO IS IN A DIFFERENT CATEGORY. IT'S NEVER BEEN DEDICATED AS PARKLAND. SO THE THEORY IF YOU WERE TO SELL IT FOR RESIDENTIAL PRICES, YOU COULD GENERATE ENOUGH CASH TO PAY OFF THE DEBT ON LOS LAGOS AND OVERALL, YOU COULD SAVE A MILLION DOLLARS A YEAR, MORE OR LESS, BY DOING THAT. YOU COULD SELL PART OF IT, MAKE PART OF IT A PARK. THERE ARE DIFFERENT WAYS TO DO IT, BUT IT IS AT LEAST A MILLION DOLLAR A YEAR ITEM. SELLING THE OLD CITY HALL AND ELOT, THE ELOT IS EMPTY AND IT'S PARKING. IN THE RIGHT MARKET IT'S WORTH SOME SERIOUS MONEY, BECAUSE IT'S A PRETTY BIG PIECE. IT COULD BE WORTH \$30 MILLION. THAT IS ONE-TIME MONEY. ONE-TIME MONEY IS GREAT, BUT NOT AS GOOD AS ONGOING. THE MANSION IS \$6 MILLION ONGOING AND MUNICIPAL WATER MAYBE YOU COULD GET \$2 MILLION ONGOING OUT THERE. WE DON'T REALLY KNOW, BUT WE HAVEN'T DONE THE ANALYSIS. IT'S BEEN EIGHT YEARS WHEN THE COUNCIL LAST CONSIDERED IT. COUNCIL CONSIDERED IT AND DECIDED NOT TO DO IT, BUT THINGS HAVE CHANGED SINCE THEN, BECAUSE WE USED TO BE ABLE TO TAKE A LOT MORE MONEY OUT OF MUNICIPAL WATER INTO THE GENERAL FUND THAN WE CAN. THAT IS NO LONGER POSSIBLE BECAUSE THE LAW HAS CHANGED. THAT HAS CHANGED. SO THOSE ARE FOUR THINGS AND I PUT THOSE UP THERE, BECAUSE THOSE ARE THE USUAL SUSPECTS. BUT WHAT I WANTED TO DO OUT OF THIS GROUP WAS TO TRY TO CREATE A UNIVERSE HERE, A LIST OF THINGS THAT YOU THINK WE SHOULD NOT BE DOING, PROGRAMS WE SHOULD NOT BE DOING. LINES OF BUSINESS THAT WE SHOULD NOT BE IN, BECAUSE WE DO GET CRITICIZED FROM TIME TO TIME, CONSTRUCTIVE CRITICISM AND I WANTED YOU TO HAVE A CHANCE TO TALK ABOUT THAT, IN THE SAME FASHION WE TALKED ABOUT RAISING REVENUES. SO LET'S OPEN UP FOR EITHER COMMENTS OR QUESTIONS ON THESE OR OTHER SUGGESTIONS THAT PEOPLE WANT TO PUT ON THE TABLE. COUNCIL MEMBER CONSTANT.

>> THE HAYES MANSION THAT IS BEING TAKEN UP THIS AFTERNOON, BECAUSE IT GIVES A REALLY GOOD INSIGHT INTO THE NEGATIVE CASH FLOW AT THAT LOCATION. AND I REALLY THINK THAT THIS IS PROBABLY THE MOST IMPORTANT AREA THAT WE SHOULD BE

CONCENTRATING OUR DISCUSSIONS ON ARE THE THINGS THAT THE CITY SHOULDN'T BE DOING OR LINES OF BUSINESS THAT WE SHOULD GET OUT OF, BECAUSE WE TALKED ABOUT A LOT OF TAX ISSUES FOR THE MAJORITY OF THIS MEETING, BUT I KNOW NOT AS A COUNCIL MEMBER NOW, BUT SPEAKS AS A TAX -PAYING RESIDENT, THAT THERE HAVE BEEN A LOT OF INCREMENTAL COSTS LEVIED BY MULTIPLE LEVELS OF GOVERNMENT AGENCY, INCLUDING OURSELVES. AND UNTIL WE CAN REALLY DEMONSTRATE THAT WE'RE PROVIDING THE ESSENTIAL SERVICES FIRST, WHICH I THINK WE HAVE NOT DONE WELL AS A CITY IN THE LAST COUPLE OF YEARS. WE REALLY NEED TO GET A HANDLE ON PROVIDING THE ESSENTIAL SERVICES FUNDED AT A SIGNIFICANT LEVEL AND TO DO THAT, WE NEED TO GET RID OF NOT SPECIFICALLY JUST THESE, BUT ANY OTHER BUSINESSES THAT WE'RE IN THAT WE SHOULDN'T BE IN AND SHOW THAT WE'RE GOOD STEWARDS OF THE PUBLIC'S MONEY AND PROVIDING THE ESSENTIAL SERVICES BEFORE WE START CHARGING EXTRA TO BE IN OUR CITY.

>> OKAY. HAND DOWN HERE. UP FRONT.

>> SINCE WE'RE EXPERIENCING HARD TIMES, WHY CAN'T WE STOP TEMPORARILY, AT LEAST, PAYING PREVAILING WAGES BY OUTSIDE CONTRACTORS?

>> THE QUESTION IS ON PREVAILING WAGE. WE HAVE A STATE POLICY AND I DON'T THINK WE HAVE A CHOICE UNDER STATE LAW. THAT IS ONE THING. WE'RE A CHARTER CITY. SO WE HAVE SOME CHOICES; I DON'T KNOW IF IT'S A POLICY DECISION OR WE'RE BOUND BY STATE LAW IN CERTAIN CATEGORIES. REDEVELOPMENT PROJECTS ARE DIFFERENT THAN OTHER PROJECTS

>> IT'S CLEAR THAT THE REDEVELOPMENT AGENCY IS SUBJECT TO THE STATE LABOR CODE. THE CITY BECAUSE IT'S A CHARTER CITY HAS THE OPTION OF WHETHER OR NOT IT WANTS TO IMPOSE PREVAILING WAGE ON MANY OF ITS CONSTRUCTION. THE CITY AS A WHOLE HAS APPROVED PREVAILING WAGES, BUT THE COUNCIL COULD MODIFY THOSE, IF IT WANTED TO.

>> OTHERS?

>> WOULD THE CITY CONSIDER -- [INAUDIBLE] IN OTHER WORDS, BACK-END LOAD THE SALE AND TRY TO COVER AS MUCH OF THE DEBT SERVICE IN YEAR ONE, YEAR TWO, ET CETERA, ET CETERA, UNTIL YOU FINALLY GET RID OF THE PROPERTY, TRANSFER TITLE AND MAKE YOUR MONEY IN THE FUTURE?

>> WE WOULD CERTAINLY CONSIDER THAT IF WE GET TO THE POINT THAT WE WANT TO MOVE AHEAD WITH IT. THERE ARE DIFFERENT WAYS TO DO IT AND IT DEPENDS ON THE MARKET DEMAND. IF NOBODY WANTS TO BUY IT, THAT IS A PROBLEM. IF THEY WANT TO BUY, WE WOULD HAVE A COMPETITIVE BIDDING PROCESS AND STRUCTURE IT IN DIFFERENT WAYS. WE'RE NOT THERE TO FIGURE OUT EXACTLY HOW TO IMPLEMENT IT, BECAUSE WE HAVEN'T PUT IT ON THE MARKET. WE HAVEN'T TRIED TO MARKET IT AS A RESIDENTIAL FOINLT.

>> GORNTION MR. MAYOR AND THANK YOU YOU YOUR STAFF FOR INVITING ME AS A RESIDENT TO THIS WORKSHOP THIS MORNING. I KIND OF WANTED TO MAKE SOME GENERAL COMMENTS AND QUESTIONS AT THE END, BUT I WANTED TO RESERVE WHAT I HAD TO SAY UNTIL I TOOK IN EVERYTHING THAT WAS BEING SAID. I HAVE SAT BACK HERE OBJECTIVELY, LOOKING AT WHAT YOU ARE TRYING TO DO AND THE COUNCIL AND I DON'T ENVY YOU THE ACTIONS THAT YOU HAVE TO TAKE IN THE FUTURE ON THE BUDGET ISSUES INVOLVING THE CITY. IT'S IRONIC THAT I LOOK AT THESE THINGS FROM THE STANDPOINT OF NOT ONLY A RESIDENT, BUT A BUSINESS PERSON. HAVING RECENTLY RETIRED AND FOCUSING ON SMALL BUSINESS VENTURES, SOME OF THE THINGS THAT YOU MENTIONED SUCH AS THE DISPOSAL FEES, WHICH IS PROBABLY NOT A BAD THING, BUT HAVING DONE A COUPLE OF RENOVATIONS IN THE CITY IN THE LAST COUPLE OF MONTHS ON PROPERTIES THAT I OWN, I FOUND THE PEOPLE THAT I AM WORKING WITH ARE TAKING THE CHEAPEST WAY OUT AND NOT NECESSARILY TAKING THE GARBAGE AND STUFF TO CITY PLACES. THEY ARE TAKING IT TO THE CHEAPEST PLACES AND THOSE ARE OUTSIDE OF THE CITY. IT'S UNFORTUNATE THAT THAT IS WHAT IS GOING ON, BUT PEOPLE ARE LOOKING TO SAVE MONEY ANY WAY THAT THEY CAN. I AM CONCERNED ABOUT WHAT WE'RE LOOKING AT AND WHERE WE'RE GOING TO GO IN TERMS OF SELLING CITY ASSETS, PARTICULARLY CITY HALL AT A TIME THAT THE MARKET IS SO LOW. IT'S A ONE-TIME SALE. AND SELLING AT THAT PRICE, YOU ARE LOSING

MONEY. IT'S GOOD THAT YOU ARE GETTING THE INPUT FROM COMMUNITY MEMBERS AND LOOKING AT ALL OF THESE THINGS. I'M CERTAINLY NOT IN FAVOR OF RAISING TAXES FROM THE STANDPOINT OF A CITIZEN, BUT AT THE SAME TIME, I'M NOT INTERESTED IN CUTTING SERVICES, WHETHER IT'S IN THE LAW ENFORCEMENT SECTOR. WE HAVE SEEN WHAT HAPPENS WHEN OFFICERS RESPOND TO CALLS BY THEMSELVES, BUT THAT IS NOT TO TAKE AWAY THINGS THAT WE TALKED ABOUT, SUCH AS OPENING UP THE LIBRARY AND GIVING YOUTH SOMEWHERE TO GO. TO FURTHER THEIR EDUCATION AND HELP THEM DEVELOP IN THE FUTURE. ALL OF THESE THINGS ARE IMPORTANT, BUT WE'RE HARD-PRESSED. I HEARD ONE OF COUNCIL MEMBERS SAY THAT WE NEED TO TIGHTEN OUR BELT AND I THINK THAT IS WHAT COUNTY AND CITY GOVERNMENT HAS DONE OVER THE LAST COUPLE OF YEARS BUT NOW WE HAVE GOTTEN TO THE POINT THAT PERHAPS TIGHTENING OUR BELT IS NOT ENOUGH AND WE NEED TO SHED WEIGHT. EVEN IN SHEDDING WEIGHT WE NEED TO BE CAREFUL ABOUT WHAT WE'RE GOING TO DO, BECAUSE DISPLACING WORKERS IS ALREADY GOING TO OVERBURDEN UNEMPLOYMENT AND IT'S GOING TO BE MORE DETRIMENTAL, BUT WE NEED TO KEEP SERVICES UP. WE NEED TO DETERMINE WHAT IS GOING TO BENEFIT THE COMMUNITY AND WHAT WE DON'T NEED TO KEEP, BUT AT SAME TIME, BALANCE THAT WITH SOME THINGS MENTIONED TODAY. THE SOCIAL IMPACT OF THE DECISIONS THAT YOU ARE GOING TO MAKE, THAT ARE GOING TO HAPPEN AND HOW IT IMPACTS US ALL. I'M NOT GOING TO BE AROUND FOR THE REST OF YOUR MEETING, BUT I DID WANT TO AT LEAST SAY THAT AND HOPE THAT, AGAIN, THE BOARD IN ITS DECISION-MAKING AND YOU DO HAVE TOUGH DECISIONS TO MAKE, DO WHAT IS BEST FOR THE CITY. THANK YOU.

>> THANK YOU, I JUST WANTED TO ADD ONE THING. I DIDN'T MENTION WHEN I STARTED OUT THAT ALL OF YOU KNOW THIS IS NOT THE FIRST YEAR WE HAVE HAD A BAD BUDGET SITUATION. WE'RE IN THE NINTH YEAR OF LONG-TERM STRUCTURAL BUDGET DEFICIT ISSUES AND EVEN INTO THE FUTURE AS WELL. IF YOU LOOK BACK AT THE CITY, WE HAVE GONE FROM A PEAK OF 7400 FULL-TIME EQUIVALENT DOWN TO 6600 FULL-TIME EQUIVALENT EMPLOYEES OVER THE LAST FEW YEARS AS WE HAVE ADJUSTED TO DIFFICULT BUDGET TIMES. SO WE ARE TIGHTENING THE BELT AND WE ARE SHRINKING BUT WE ARE NOT DONE, BECAUSE WE CAN'T QUIT. WE DON'T HAVE A CHOICE.

>> ONE LAST QUESTION, WHERE DO I ENDORSE MY TICKET?

>> YOUR PARKING TICKET? [LAUGHTER] THERE IS A MACHINE OVER THERE. COUNCIL MEMBER OLIVIERO.

>> JUST GOING DOWN YOUR LIST I WOULD SAY NO. 1 THE DEMOGRAPHIC CHANGES THAT WE'RE HAVING IN THE COUNTRY, THE AGING POPULATION MAKES SENIOR-ASSISTED-LIVING A VIABLE OPTION FOR THE MANSION. I THINK YOU CAN MAINTAIN AND PRESERVE THE HISTORICAL NATURE OF THE BUILDING AND ALLOW IT TO GO TO SENIOR-ASSISTED LIVING, WHETHER IT'S LEASE OR SALE, IT'S A \$6 MILLION DRAIN ON THE FUND. SO YOU HAVE IS TO MAKE THOSE CHOICES. WITH THAT SAID, IN YOU LOOK AT HAYES MANSION WITH KITCHEN FACILITIES AND OTHER ROOMS. THERE ARE PLENTY OF THINGS THAT COULD BE ENSUED FOR A HEALTHY SENIOR-ASSISTED-LIVING ENVIRONMENT. ANY WHO HAVE THAT ISSUE OF TAKING CARE OF SOMEONE IN THAT AGE BRACKET, IT'S VERY EXPENSIVE, BUT PEOPLE ARE WILLING TO PAY FOR THAT. TWO, WE HAVE TWO GOOD 18-HOLE GOLF COURSES AND I THINK IT'S ENOUGH. IT'S NOT ON MY CITY CHARTER AND AT THE END OF THE DAY THERE ARE A LOT OF PRIVATE COURSES AND ALLOWING TWO 18-HE HOLE WOULD BE FINE. ALSO ADOPT A FRANCHISE FEE, WHICH I THINK WOULD BRING IN MONEY ON OF THE USERS. CITY HALL, WE'RE STUCK IN A QUAGMIRE AND EVERYBODY THINK IT'S HISTORIC. MY MOTHER SAYS IF YOU THINK IT'S HISTORIC, GO TO EUROPE. IN THE END THAT SITE WOULD BE MUCH MORE VALUABLE IN WHATEVER YEAR WE DECIDED TO LEASE IT, SELL IT. SO THE COMMUNITY NEEDS TO KNOW THAT WE GET STUCK ON THESE HISTORICAL LAWS ON THAT SIDE OF THE FENCE. SOMEBODY ELSE MENTIONED ABOUT THE FUNDING THAT WE SET ASIDE IN THE YEAR 2000 WHEN WE HAD MASSIVE SUPER PLUSSES OF MONEY AND WE DECIDED TO THROW THE MONEY INTO A DIFFERENT PURPOSE RATHER THAN EVERY OTHER MUNICIPALITY THROWING IT INTO THE GENERAL FUND. THE OTHER THING IS WHEN YOU LOOK AT A DEPARTMENT AND I JUST BRING UP THE LIBRARY, FOR EXAMPLE. THE MAIN GOAL OF THE LIBRARY IS IS TO HAVE THOSE FACILITY AS MANY HOURS AND DAYS OF THE WEEK OPEN AS POSSIBLE, BUT THE PROGRAM SIDE OF IT SHOULD BE HALLOWED. WHEN YOU HAVE BETTER TIMES, THAN

YOU CAN FUND THE SPECIFIC PROGRAMS IN THE LIBRARY, BUT THE LIBRARY SHOULD BE OPEN FOR BOOKS AND COMPUTERS. WHEN YOU LOOK AT LONGER TIER, IN THE END OUR CURRENT BENEFITS ARE UNSUSTAINABLE. YOU HAVE TO MOVE TO A SECOND-TIER PENSION. EVEN THOUGH WE LIKE TO PAY THAT KIND OF MONEY, WE CAN'T AFFORD THAT LEVEL. WE HAVE TO MOVE TO THAT SOONER OR LATER, BECAUSE WE'LL GOING TO HAVE A MASSIVE POOL OF PEOPLE RETIRE FROM THE CITY AND WE'RE GOING TO LOSE ON THAT COST-SAVINGS. WITH THAT COMES MORE COST-SAVINGS TO THE RESIDENTS THAT THEY DESERVE. [APPLAUSE]

>> OTHERS ON THIS? I SAW HANDS.

>> JUST TOUCHING BASE ON THE THINGS OF THIS ON THE LIST, PEOPLE MAY NOT BE AWARE THAT RANCHO PUEBLO IS USED TO RUN A PROGRAM BY WHICH KIDS LEARN CERTAIN VALUES AND IT PROVIDES ACCESS TO THE COMMUNITY ON THE EASTSIDE AND EVEN THOUGH IT'S NOT PARKLAND, I WOULD ARGUE OUT THERE WITH THAT OPEN GREEN SPACE IS VERY IMPORTANT TO THAT COMMUNITY. LAST YEAR ALONE WE HAD MORE THAN 4,000 VOLUNTEER HOURS.

>> I DON'T WANT TO GET INTO THE DEBATE ABOUT VALUE OF THESE THINGS. THEY ALL HAVE VALUE AND CONTRIBUTING TO THE CITY. I WANT TO TALK ABOUT THINGS THAT YOU THINK WE OUGHT NOT TO DO.

>> THAT IS ONE OF THE THINGS THAT IS JUST UNIQUE IN TERMS OF YOUTH PROGRAMING THAT IS ON THAT LIST.

>> JUST PASS IT OVER THERE AND WE'LL MOVE TO THE BACK.

>> THANK YOU, REGARDING THESE SPECIFIC THINGS I THINK ESPECIALLY IN THE CASE OF THE FIRST TWO THAT THE CITY GET OUT OF THE GOLF BUSINESS AND THE MANSION. I AGREE WITH SOME OF THE COMMENTS THAT I HEARD THAT THE CITY SHOULD LOOK TO LEASING THESE OUT THAN SELLING THEM, SO YOU HAVE ONGOING REVENUE RATHER THAN ONE-TIME. THE CITY SHOULD LET GO OF CITY ALLOWANCES FOR COUNCIL OR EMPLOYEES WHO GET THEM. HAVING WORK FOR THE PRIVATE SECTOR, I NEVER HAD A CAR ALLOWANCE AND FOR PEOPLE WHO LIVE IN SAN JOSÉ AND COME TO WORK IN SAN JOSÉ, YOU DON'T NEED A CAR ALLOWANCE AT THE TAXPAYER'S EXPENSE.

>> OKAY. LET'S MOVE TO THE BACK.

>> SO I WANT TO TALK AS FAR AS THE PENSIONS ARE CONCERNED. PENSIONS ARE VERY IMPORTANT AND RETIREMENT BENEFITS ARE IMPORTANT. I DON'T UNDERSTAND WHY THE CITY IS IN THE PENSION BUSINESS. COULDN'T IT BE OUTSOURCED TO FIDELITY, VANGUARD, SOMETHING LIKE THAT AND WOULD THAT SAVE MONEY? I HAD HEARD OR READ THAT WE'RE GUARANTEEING RATES OF RETURNS, LIKE 7 OR 8%? I THINK -- WE CAN'T DO THAT RIGHT NOW. WE CAN'T GUARANTEE THAT KIND OF RATE OF RETURN. THAT IS ABSURD. SO I WOULD LIKE THAT TO BE LOOKED AT AS WELL AS A POTENTIAL COST SAVINGS AND MAYBE GET IT IN LINE OF STANDARD RATES OF RETURNS. THANK YOU.

>> OKAY. COME BACK THIS DIRECTION.

>> THANK YOU, MR. MAYOR. I AM A BORDER MEMBER OF THE COMMUNITY ASSOCIATION AND I'M ALSO A RETIRED IBMER. I WORKED FOR IBM FOR THE 22 YEARS AND IF I WORKED AT THE CITY, AT THE END OF 22 YEARS I WOULD BE ENTILED TO 66.6% OF MY BEST YEAR'S INCOMES AS MY RETIREMENT BASE PLUS 3% COST OF LIVING INCREASE. BUT I DIDN'T WORK FOR THE CITY. I WORKED FOR IBM. MY RETIREMENT ELEMENT IS 25%, OF A AN AVERAGE OVER SEVERAL YEARS. PLUS THERE IS NO COLA, NO ADJUSTMENT FOR INFLATION. SO THE RATIO THERE IS ABOUT 3:1. I'M NOT GOING TO MAKE A JUDGMENT ABOUT THE RELATIVE WORTH OF A CITY EMPLOYEE AND AN IBM EMPLOYEE, BUT YOU CAN SEE THERE IS A 3:1 ADVANTAGE THERE. I WANT TO MAKE ANOTHER POINT ABOUT IBM. IBM EXPANDING ANTICIPATING A BIG MARKET IN THE '80'S AND GOT ITS EMPLOYMENT LEVEL INTO THE HUNDREDS OF THOUSANDS. IT RAN INTO TROUBLE IN THE '90S AND IT LET'S GO OF 200,000 OF PEOPLE AND ADJUSTED ITSELF DOWN TO THE MARKET CONDITION. IBM'S PURPOSE WAS TO MAKE MONEY AND NOT PROVIDE JOBS AND I HOPE THAT THE CITY LOOKS AT IT THAT IT'S PURPOSE IS TO PROVIDE SERVICES AT REASONABLE COSTS AND NOT TO PROVIDE JOBS. THANK YOU. [APPLAUSE]

>> ANYBODY ELSE? LET'S GET THE MICROPHONE TO YOU.

>> I WOULD LIKE TO SEE THE CITY LOOKING AT A POLICY OF NOT HIRING PEOPLE AS CONSULTANTS OR AS OTHER CITY EMPLOYEES IF THEY ARE ALREADY RECEIVING A CITY PENSION.

>> I THINK THE MAYOR IS ASKING WHICH PROGRAMS SHOULD BE ELIMINATED. SO WE SHOULD LIMIT OUR COMMENTS TO THOSE.

>> THERE IS A CATEGORY FOR "OTHER," SO I'M ASKING BOTH OF THOSE QUESTIONS.

>> JUST DEBATING ON WHAT COUNCIL MEMBER OLIVERIO SAID WITH RESPECT TO PENSIONS IT SHOULD BE BASED ON A DEFINED CONTRIBUTION PLAN, SO THE EMPLOYEE IS RESPONSIBLE FOR ITS OWN PENSION PLANNING. SECONDLY, ANOTHER SUGGESTION IS THAT WE SHOULD OUTSOURCE AND I KNOW WE HAVE A COMPETITIVE POLICY, WHICH IS REALLY VERY RESTRICTIVE, FAVORING CITY EMPLOYEES, BUT WE SHOULD BE ABLE TO OUTSOURCE A LOT OF ADMINISTRATIVE SERVICES SUCH AS PAYROLL, ACCOUNTS RECEIVABLES AND THESE KINDS OF THINGS. IN OTHER STATES, LIKE BUSINESSES DO AND IN FACT BUSINESS HAVE THESE OPERATIONS IN OTHER COUNTRIES. IN OTHER WORDS, YOU CAN GET A MUCH BIGGER BANG-FOR-THE-BUCK BY DOING THINGS OF THAT SORT.

>> OTHERS? I HAVE ONE OVER HERE.

>> HI MY NAME IS LINDA AND I'M A BUSINESS AGENT FOR THE UNIONS. I WAS HERE THE LAST TIME THAT THE COUNCIL TOOK ON MUNICIPAL WATER AND CONTRACTING OUT WHETHER S OR NOT THAT WAS GOING TO BE FEASIBLE. AS FAR AS I KNOW MUNICIPAL WATER IS NOT LOSING MONEY. THEY ARE STILL MAKING MONEY, BUT THE PROBLEM IS THAT SOME OF THE MONEY CAN'T GO INTO THE GENERAL FUND?

>> THAT IS CORRECT.

>> WHEN WE LOOKED AT THAT AND THE UNION I WORK FOR WENT INTO A COALITION AND DISCOVERED THAT THE RATES ARE LOWER THAN FOR THE RATES CHARGED FOR SAN JOSÉ WATERS COMPANY OR GREAT OAKS. AND THE FACT THAT THEY ARE LOWER, BECAUSE IT'S NOT A FOR-PROFIT WATER COMPANY, THAT THOSE RATES DO. ON TOP OF THERE THERE WAS A QUESTION WHETHER OR NOT IT WAS LEASED TO A COMPANY THAT WE GET WATER FROM HETCH HETCHY? I THINK CHUCK REMEMBERS THIS THAT NORTHERN SAN JOSÉ, MOST OF THE MICROCHIP WORKERS WERE VERY UPSET ABOUT THAT. MY MAIN CONCERN IS THAT WATER RATES -- SAN JOSÉ WATER COMPANIES BASICALLY SAID THAT WATER RATES WOULD IMMEDIATELY GO UP FOR THOSE USERS.

>> YOU RAISED THE QUESTION AND I WANT TO ASK THE LAWYERS ABOUT THE FRANCHISE FEE. SO MUNICIPAL WATER, SINCE WE OWN IT, DOES NOT PAY A FRANCHISE FEE?

>> RIGHT.

>> BUT IF IT WERE HELD BY A PRIVATE COMPANY, PART OF THE REVENUE STREAM COULD BE A FRANCHISE FEE? THAT IS HOW YOU GET TO GENERATING AN ONGOING REVENUE STREAM IS THAT FRANCHISE FEE ARRANGEMENT. [INAUDIBLE] WELL, I THINK THE SIZE OF IT IS PROBABLY IN THE \$2 MILLION RANGE. WE'RE NOT TALKING ABOUT HUGE AMOUNTS OF MONEY, BUT EVERY MILLION IS CERTAINLY SIGNIFICANT.

>> I JUST WANT TO POINT OUT THAT WE DIDN'T GET HERE BY ACCIDENT. IT'S BEEN IRRESPONSIBLE FISCAL MANAGEMENT OVER THE ENTIRE DECADE THAT HAS GOTTEN US HERE. I APPLAUD YOUR EFFORTS TO TRY AND DEAL WITH IT THIS YEAR AND LAST YEAR AND NEXT YEAR, BUT IF WE DON'T PUT PROCESSES AND PROCEDURES IN PLACE THAT PREVENT IT FROM HAPPENING AGAIN, FROM JUST RAMPANT SPENDING GROWTH IN THE GOOD TIMES AND THEN A GENERAL REFUSAL TO ACCEPT THE NEED FOR REDUCTIONS IN BAD TIMES, WE'LL BE DOING THIS YEAR AFTER YEAR AFTER YEAR.

>> OTHERS? YES, THANK YOU. I HAVE BEEN COMING TO THESE MEETINGS FOR EIGHT YEARS NOW AND I DON'T THINK I HAVE MISSED ONE YET. WE HAVE HAD AN AWFUL LOT OF IDEAS THAT COME OUT THE LAST EIGHT YEARS AND I DON'T KNOW HOW MANY OF THOSE HAVE BEEN IMPLEMENTED, TO BE HONEST WITH YOU. TWO THAT REMEMBER THAT PEOPLE BROUGHT UP IN PREVIOUS YEARS IS TO SAVE MONEY, WHY DO WE HAVE TO HAVE THE POLICEMEN HAVE THE HORSES AROUND HERE? DO THEY NEED TO HAVE THE HORSES TO GO IN THE PARADE? THE OTHER ONE THAT CAME UP IS SOMEONE CALLS 911 AND SAID OH, MY WIFE JUST FELL AND BROKE HER ARM. THAT IS NICE THAT THE AMBULANCE KNOWS, BUT WHY DO WE NEED THE FIRE TRUCK TO COME WHEN IT'S JUST A BROKEN ARM. SO I THINK IT'S RUNNING STATISTICS UP SO THE NEXT YEAR THEY CAN GET A BIGGER BUDGET BECAUSE

THEY DID THIS MANY CALLS. SO I THINK WE HAVE TO TAKE A LOOK AT THIS. LIKE THIS GENTLEMAN SAID, WE HAVE TO CHANGE WHAT WE'RE DOING. IT'S GETTING WORSE. SO NINE YEARS FROM NOW WE'LL BE \$300 MILLION IN THE HOLE. SO WE HAVE TO LOOK AT WHAT WE'RE DOING AND THE REASONS THAT WE'RE DOING THINGS.

>> A COUPLE OF THINGS THAT YOU RAISED. FIRST THE HORSE MANAGEMENT UNIT HAS BEEN ON THE LIST OF POTENTIAL REDUCTIONS AND ELIMINATIONS. IT WAS IN LAST YEAR'S BUDGET AND WE DISCUSSED IT AT LENGTH. SO THAT IS ONE THE UNITS THAT PEOPLE THINK WE CAN GET RID OF. THE FIRE RESPONSE THING. THE CHIEF IS HERE AND HE IS CURRENTLY IN THE MIDDLE OF RENEGOTIATING THE MASTER CONTRACT THAT WE HAVE WITH THE COUNTY FOR EMERGENCY SERVICES COUNTYWIDE AND WE'RE GOVERNED BY THAT, BUT IT'S COMING UP FOR RENEWAL. THE CHIEF IS WORKING HARD TO GET US MORE REVENUES AND IF YOU RUN THE NUMBERS IT LOOKS LIKE WE'RE SUBSIDIZING IT BY HOW MUCH?

>> \$6 MILLION, BUT WE'RE LOOKING AT OUR MEDICAL DISPATCH PROTOCOL. SO THERE IS QUITE A BIT OF WORK GOING ON IN THAT AREA TO GET THE RIGHT RESOURCES WHERE YOU NEED THEM. BECAUSE WHEN YOU GET THE CALLS, SHOULD IT TURN INTO SOMETHING SIGNIFICANT, AHEARDING TO THE GUIDELINES, YOU NEED FOUR PEOPLE ON CALL IN CASE OF CARDIAC ARREST. SO WE'RE LOOKING AT ALL OF THOSE WITH THE EMS CONTRACTS COMING UP.

>> SO NO. 1 GETTING REIMBURSED AND NO. 2, NOT MAKING THE RUNS TO PLACES THAT WE DON'T NEED TO GO AND THAT IS ALL GOVERNED BY THE MASTER CONTRACT WE'RE RENEGOTIATING NOW.

>> MR. MAYOR, A SMALL ITEM, BUT RANCHO PUEBLO AND THE YOUTH PROGRAM, I THINK WE ALL RECOGNIZE THERE IS A NEED TO TAKE CARE OF YOUTHS AND TO A GREAT EXTENT ON THE EASTSIDE AND I WONDER IF THERE IS A POSSIBILITY OF MAKING BETTER USE OF THE FACILITY FOR SIMILAR PROGRAMS, JUST A THOUGHT.

>> I SAW MORE HANDS UPFRONT. I WOULD LIKE TO ECHO SOME COMMENTS THAT I HEARD EARLIER AND ADD TO THEM. I LIKE EVERYONE TO REMEMBER THAT YOU HAVE 6,000 CITY EMPLOYEES YOU HAVE A MILLION CITY RESIDENTS AND IF YOU ASSUME THAT MOST OF THOSE EMPLOYEES LIVE IN THE CITY, YOU STILL HAVE A MILLION RESIDENTS WHO ARE NOT CITY EMPLOYEES. THE CITY HAS TO CHANGE ITS ORGANIZATION TO PROVIDING A SERVICE TO MILLIONS OF RESIDENTS. ALONG THOSE LINES YOU HAVE TO GO TO A DEFINED -- GO AWAY FROM THE DEFINED BENEFIT PLAN. IF THE MARKET TAKES A TUMBLE, THAT IS YOUR LOSS. YOU DON'T GET IT MADE UP BY OTHER TAXPAYERS IN THE CITY. MOST PEOPLE WORK FOR COMPANIES AND GET INSURANCE PAY COPAYS FOR EACH DOLLAR VISIT OR EACH PRESCRIPTION FILLED. ONE THING YOU FIND OUT IS THAT PEOPLE STOP GOING TO THE DOCTOR FOR TRIVIAL THINGS AND IT GOES TO CUTTING INSURANCE PROGRAMS. UNEMPLOYMENT RATE IS OFFICIALLY 13% AND MAYBE UNOFFICIALLY 20% AND YOU HAVE 6,000 CITY EMPLOYEES TRYING TO TAKE ADVANTAGE OF THAT AND IT'S PURE GREED ON THE EMPLOYEES AND UNIONS TO THINK THAT THEY DESERVE THINGS THAT THE AVERAGE CITIZEN DOESN'T GET THANK YOU.

>> A COUPLE OF THINGS TO ADD. IF YOU LOOK AT THE NUMBER OF EMPLOYEES THAT WE HAVE FOR THE SIZE OF OUR CITY AND WHETHER YOU LOOK AT THE POLICE DEPARTMENT OR THE FIRE DEPARTMENT OR THE OTHER DEPARTMENTS, WE'RE OP THE LOW END ZONE OF THE SCALE ON PER CAPITA BASIS. LOOKING AT ANY OTHER BIG CITY THEY HAVE MANY, MANY MORE EMPLOYEES. WE'RE VERY THIN AND WE'RE GETTING THINNER. SO ON A COMPARATIVE BASIS WE'RE THINLY STAFFED. THE OTHER, THE DEFINED CONTRIBUTION VERSUS OTHER PLANS IS SOMETHING THAT THE TOPIC HAS ASSIGNED TO STAFF TO ENTER INTO NEGOTIATIONS WITH BARGAINS UNITS AND SO THOSE ARE ALL ON THE TABLE AS PART OF THE NEGOTIATIONS FOR ALL THE CONTRACTS THAT ULTIMATELY WE WILL NEGOTIATE OVER, INCLUDING COPAYS. THOSE ARE TOPICS ALL ON THE TABLE AND WE HAVE TO NEGOTIATE AND IN THE CASE OF POLICE AND FIRE, IF THEY DON'T LIKE IT THEY GO TO BINDING ARBITRATION AND WE BRING IN AN ARBITRATOR AND THAT IS BINDING ON US. BUT WE HAVE DIRECTED STAFF AND THAT IS ONGOING AS ALONG AS THE DIRECTION ABOUT REDUCING THE AVERAGE COST OF EMPLOYEE BY 5% IS SOMETHING ALSO THE STAFF IS WORKING ON.

>> MAYOR, PHIL GAUSS. IN THE CITY, AROUND THE AREA ARE POCKETS THAT ARE NOT INCORPORATED IN THE CITY. I WOULD LIKE TO KNOW IF WE SUPPORT THOSE WITH MONEY AND DO THEY PAY SOMETHING BACK TO US FOR THAT SERVICE? THERE IS QUITE A FEW OF THOSE IN THE AREA THAT I LIVE THAT ARE NOT INCORPORATED IN THE CITY. I WOULD LIKE TO KNOW DO WE SUPPORT THOSE WITH FIRE AND EVERY SERVICE? AND HOW DO WE GET PAID BACK FOR THAT WHEN THEY DON'T CONTRIBUTING TO THE CITY?

>> WE'RE IN THE MIDDLE OF ALONG TERM EFFORT TO ABSORB COUNTY POCKETS INTO THE CITY. WE HAVE AN AGREEMENT WITH THE COUNTY THAT WE'LL DO THAT U BECAUSE THE COUNTY WANTS US TO PAY FOR THE SERVICES AND THEY WITHIN THE TO GET OUT FROM UNDER THE BURDEN OF PAYING FOR THE SERVICES. WE'RE DOING THAT BECAUSE WE HAVE AN AGREEMENT WITH THE COUNTY. IT'S POSSIBLY NOT IN YOUR BEST FISCAL INTEREST, ADDING PEOPLE WITH ADDITIONAL REVENUES, BUT THE PEOPLE IN THE COUNTY POCKETS NOW ARE COUNTY RESIDENTS. SO THE REVENUES GO TO THE COUNTY. THERE IS SOME OVERLAP IN SERVICES BECAUSE YOU DON'T KNOW WHICH SIDE OF THE STREET THE POLICE OR FIRE GO TO, BUT WE DO HAVE CONTRACTS AND ARRANGEMENTS IN PLACE TO COVER THAT. BUT WE'RE IN THE PROCESS OF ELIMINATING THOSE. I DON'T KNOW HOW MANY WE HAVE DONE IN THE LAST COUPLE OF YEARS, BUT WE'RE LOOKING AT DOZENS OF THEM. WE STARTED WITH THE SMALLER EASIER ONES AND WORKING INTO THE LARGER ONES WITH MORE PEOPLE. THE ONE THING I HAVE LEARNED IS THAT THE PEOPLE WHO LIVE IN THE COUNTY, THEY LIKE IT JUST THE WAY IT IS. WHY? BECAUSE THEY LIKE IT THE WAY IT IS. [LAUGHTER] AND FUNDAMENTAL THAT IS THE PROBLEM. THEY LIKE IT LIKE IT IS. THE COUNTY DOESN'T WANT TO AND WE'RE GOING TO TAKE THEM BECAUSE WE AGREED WITH THE COUNTY. PEOPLE DON'T WANT TO BE PUSHED INTO THE CITY OF SAN JOSÉ. IT'S NOT THAT THEY DON'T LIKE US, BUT THEY LIKE THE WAY IT IS. OVERALL IT'S NOT VERY EFFICIENT TO HAVE THOSE POCKETS, BUT IT WON'T HELP US VERY MUCH ON THE REVENUE SIDE. OTHERS OVER HERE?

>> THANK YOU MR. MAYOR. YOU SAID WE HAD 7400 EMPLOYEES FOUR YEARS AGO?

>> I THINK IT WAS 2001.

>> MY QUESTION IS HOW MUCH WAS THE PAYROLL IN 2001 AND HOW MUCH IS THE PAYROLL NOW?

>> THE AVERAGE COST FOR EMPLOYEE HAS GONE UP.

>> WE ARE SAYING THAT WE HAVE CUT EMPLOYEES BUT NOT CUT PAYROLL. THAT IS THE PROBLEM. THANK YOU.

>> BACK OVER HERE.

>> JUST A QUICK COMMENT AND NOT TO DEFEND HORSES, BUT IT MAY SEEM LIKE A SIMPLE THING TO DO, BUT I HOPE YOU UNDERSTAND THAT THOSE HORSES ARE PROBABLY ONE OF THE BEST TOOL AND ESSENTIAL TOOLS THAT THE SAN JOSÉ POLICE DEPARTMENT HAS FOR NON-LETHAL USEFUL FORCE, DEALING WITH CROWDS.

>> I DON'T WANT TO GET INTO DEFENDING THE PROGRAMS. EVERYBODY LOVES THE PROGRAMS. THAT IS A GIVEN. THAT IS WHY THEY ARE STILL HERE.

>> THEY DO WORK WELL. THE OTHER THING WITH RESPECT TO THE COUNTY POCKETS, I THINK THE REASON THE PEOPLE IN THE COUNTY POCKETS STILL WANT COUNTY SERVICES IS BECAUSE YOU USUALLY GET A DEPUTY 10-15 MINUTES AFTER YOU PLACE A CALL AND THAT IS FOR ALL SERVICES. CERTAINLY THE CITY OFFICERS ARE OVERBURDENED AND OVERSTAFFED.

>> IN THE BACK.

>> HELLO. I AM NOT A CITY EMPLOYEE, BUT I WOULD LIKE TO SAY THAT I THINK THAT OUR CITY EMPLOYEES WORK VERY HARD AND DESERVE THE BENEFITS THAT THEY ARE GETTING AND I DON'T THINK IT'S A GOOD IDEA TO GO TO THIS TWO-TIERED THING. I THINK IT DAMAGES MORALE AND DAMAGES OTHER THINGS IN THE CITY AND I DON'T THINK IT'S THE WAY TO GO OR A GOOD IDEA. I'M NOT A CITY EMPLOYEE, BUT I DON'T THINK IT'S A GOOD IDEA.

>> WE'RE GOING TO DEBATE ALL THE PROPOSALS THROUGH THE BUDGET PROCESS. SO DON'T FEEL COMPELLED TO DEFEND THEM. THAT IS NOT THE POINT OF THE MEETING, BUT IT'S TO GET THEM ON THE TABLE. WE'RE JUST ABOUT TO RUN OUT OF TIME AND I WANT TO MAKE SURE THAT PEOPLE WHO HAVE SUGGESTIONS PUT THEM ON THE TABLE. THERE ARE MANY, MANY MORE HOURS AND DAYS AHEAD OF US THAT WE'LL BE DEBATING THIS AT THE

COUNCIL LEVEL AND COMMUNITY LEVELS ON THESE PROGRAMS. WE DO THINGS BECAUSE THEY PROVIDE SERVICE AND VALUABLE THINGS TO YOUR COMMUNITY, BUT WE'RE FACED WITH HAVING TO CHOOSE AMONG OUR CHILDREN AND THAT IS A VERY TOUGH THING TO DO, WHICH IS WHY WE'RE HAVING THIS DISCUSSION.

>> CAN WE ASSESS A FEE TO THE CITY POCKETS FOR SERVICES THAT THE CITY PROVIDE?

>> WE HAVE TREATIES COVERING SOME OF THE SERVICES BUT IT'S NOT REALLY AN EFFECTIVE WAY TO DO IT. THEY NEED TO BE PART OF THE CITY FOR THE MOST EFFICIENT DELIVERY OF SERVICES. THAT IS WHAT WE HAVE AGREED TO DO WITH THE COUNTY AND THERE ARE LIMITS ON WHAT FEES WE COULD ASSESS ON THE RESIDENTS. THAT WOULD HAVE TO GO TO A VOTE AND THE COUNTY IS IN NEED OF MONEY AS WELL. SO THEY ARE NOT ALL THAT EAGER TO PAY US TO DO THINGS THAT WE MIGHT DO. I WANT TO TRY TO BRING THIS TO A CLOSE WITH HAVING YOU TAKE A LOOK AT THE BLUE SHEET. IT'S NOT MANDATORY, BUT WE WOULD LIKE TO HAVE YOUR WRITTEN COMMENTS, BECAUSE SOME OF YOU DIDN'T SPEAK TODAY AND I KNOW YOU HAVE OPINIONS AND THIS IS A WAY TO COLLECT FROM EVERYBODY. YOU ARE ALWAYS WELCOME TO PUT "NONE OF THE ABOVE." OR ADD THE OTHER SUGGESTIONS TO INCREASE REVENUES OR OTHER SUGGESTIONS OF THINGS TO STOP DOING, EVEN THOUGH THEY WEREN'T MENTIONED TODAY. WE'RE ASKING YOU TO PICK THREE OF THE TOP TAX STRATEGIES, BECAUSE WHEN WE DO POLLING, YOU CAN'T POLL ON A DOZEN THINGS. IT'S JUST NOT VERY HELPFUL. SO WE'RE GOING TO TRY TO NARROW IT DOWN TO A FEW THAT ARE THE MOST PROMISING OR YIELD THE MOST MONEY OR SOMETHING AND HAVING YOUR THOUGHTS ON THE TOP THREE WOULD BE HELPFUL. SO PICK UP TO THREE. IF YOU WANT TO PICK ONE OR TWO OR SAY "NONE OF THE ABOVE." THAT IS OKAY TOO. I DON'T KNOW IF THIS IS ALREADY POSTED ONLINE, BUT IT WILL BE POSTED ONLINE. YOU CAN THINK ABOUT IT, POST IT ONLINE, MAIL IT. IF YOU WANT TO, YOU CAN LEAVE IT BEFORE YOU LEAVE.

>> WILL THE INFORMATION BE DISTILLED FOR COUNCIL TO REVIEW? SOME OF THE IDEAS THAT WERE VERBALLY EXPRESSED?

>> IT'S WEBCAST. SO THAT IS PART OF OUR USUAL SYSTEM. IT'S THERE. AND YES, WE WILL DISTILL THE INFORMATION TO THE COUNCIL DURING THE PROCESS AS WE GO ALONG AND WE START TO TALK ABOUT WHAT TO DO. WE HAVE MANY, MANY MORE TIMES THAT THE COUNCIL WILL BE DISCUSSING THIS AND IT WILL BE PART OF THAT. ONE LAST CHANCE FOR YOU TO SUGGEST THINGS THAT WE SHOULD NOT DO. WE HAVE BEEN TALKING ABOUT THAT. IT'S KIND OF A SHORT LIST, EVEN THOSE THESE ARE IMPORTANT. THIS IS AN OPPORTUNITY TO DO THAT. YOU DON'T HAVE TO TELL IT TO ME. YOU CAN WRITE THEM DOWN. I LOOK FORWARD TO HEARING FROM YOU. WE'RE ALWAYS OPEN BY EMAIL TO GET SUGGESTIONS. WE WILL HAVE MANY OPPORTUNITIES DURING THE BUDGET PROCESS FOR PEOPLE TO WEIGH IN, COMMUNITY MEETINGS AS WELL AS PUBLIC SESSIONS OF THE COUNCIL TO DISCUSS THESE THINGS. PLEASE STAY ENGAGED WITH US THROUGH THE PROCESS. WE WILL HAVE A BALANCED BUDGET AT THE END AND AS YOU CAN SEE, THERE ARE A LOT OF STEPS AHEAD OF US TO GET THERE. YOU SEE JUNE, 2010, WE WILL HAVE A BUDGET ADOPTED BY THE COUNCIL IN ONE FORM OR THE OTHER AND WE'LL BALANCE IT, BECAUSE WE'RE REQUIRED TO AND BECAUSE WE WANT TO. THERE ARE A LOT OF STEPS THERE. I WON'T GO INTO ALL OF THEM, BUT THEY ARE PUBLIC EVENTS, TYPICALLY. YOU ARE INVITED TO PARTICIPATE. NOT ON THAT LIST IS COMMUNITY OUTREACH MEETINGS. LAST YEAR WE HAD MORE THAN ONE IN SOME, WHERE WE INVITE PEOPLE TO COME AND TALK ABOUT WHAT WE'RE DOING IN THE BUDGET PROCESS. SO IT WOULD BE HELPFUL IF YOU COULD ATTEND THOSE; WHEN WE GET DOWN TO THE SPECIFICS, LIKE THE NUMBER OF HORSES AND THINGS LIKE THAT. WE'LL DO THAT AGAIN IN THIS COMMUNITY-BASED BUDGETING PROCESS

>> WHEN WE GET AT THE END OF THE DAY, WE HAVE TO MAKE THE HARD DECISIONS, LAYING PEOPLE OFF, CUTTING OFF PROGRAMS AND IT'S REALLY IMPORTANT FOR US TO HAVE A LEVEL OF CONFIDENCE THAT WHAT WE'RE DOING IS REFLECTING THE VALUES OF OUR COMMUNITY AND THE PRIORITIES OF OUR COMMUNITY. IT DOESN'T MAKE IT ANY EASIER, BUT IT JUST HELPS US REALIZE THAT WE HAVE MADE THE BEST DECISION THAT WE CAN, GIVEN THE RESOURCES THAT WE HAVE. SO I APPRECIATE YOUR PARTICIPATION, YOUR INPUT. IT'S HELPFUL TO US AND I ENCOURAGE YOU TO STAY EDGE GAGED AS WE GO

THROUGH THE PROCESS, EVEN THOUGH WE'RE MORE THAN SIX MONTHS AWAY FROM IT.
THANK YOU FOR COMING. STAFF WILL BE AROUND.

>> THERE ARE A LOT OF STAFF MEMBERS FOR YOU TO TALK TO. FEEL FREE AND I WILL BE
HERE AS WELL.

>> EVERYONE, WE HAD SOME PROBLEMS WITH OUR VALIDATION MACHINE EARLIER. IT HAS
SINCE BEEN FIXED. SO IF WE COULD HAVE YOU REVALIDATE AGAIN ON THE WAY OUT.
THANK YOU.