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>> Mayor Reed: (gavel strike) Good afternoon. I'd like to call the San José city council meeting to order for April 27th, 2010. We will start with the invocation. Councilmember Chu will introduce the invocators.

>> Councilmember Chu: Thank you, mayor. I'm very honored to have the accomplished Guzheng player Tienna Tran and her mother Piepau master Anita Lee here with us today. Residents of district 4, the Trans have been keeping Chinese cultural music alive through the Berryessa Chinese school cultural classes. Anita has been teaching cultural art at Berryessa Chinese school for 12 years, while Tienna has been mastering the art of Guzheng for seven years. Not only is the family deeply involved in district 4 community by being active in the Berryessa Chinese school and performing every year with the band night cats at the various art and wine festivals, which you can catch Saturday, May 8th, coming up very soon, Tienna Tran actually was also crowned Ms. Asia West Coast of 2009. Today's piece has no English translation. It is a piece that is reminiscent of many others. A description of daily life translated into music. This piece describes workers at a harbor fighting with a storm. Please welcome Tienna and Anita. [∂music∂] [applause]

>> Mayor Reed: Thank you for a very nice invocation. We will now do the pledge of allegiance. Please stand for the pledge. [pledge of allegiance]

>> Mayor Reed: First item of business are the orders of the day. Have one change from the printed agenda. Item 2.3A the rules committee report for April the 7th will be deferred for one week. Are there any other changes to the agenda order? We have a motion to prove the orders of the day. All in favor opposed, none opposed, those are approved. Closed session report City Attorney.

>> City Attorney Doyle: Mr. Mayor, the council met in closed session this morning, pursuant to notice. There is no report.

>> Mayor Reed: We'll now take up the ceremonial items. Before I do that I want to introduce some visitors here, we have a councilmember from Walnut, Joaquin Lim, who is leading a delegation from Dao Lin, delegation lead is Chen Chun Lee from Chow Chin, China. Thank you very much for joining us. [applause]

>> Mayor Reed: For our first ceremonial item I want to invite Councilmember Oliverio down to the lower podium to join me.

>> Councilmember Oliverio: Thank you, Mayor Reed and councilmembers. Today we're giving commendation to show us your hope day which is May 1st and we are honoring relay for life which is a great organization that helps in the fight against cancer. I myself at my age have already had seven people that are friends die of cancer. And my father is, thank God, is still with us after remission of cancer. I don't have much to say other than to turn it over and allow the other speakers to say a few words.

>> So thank you so much, Councilmember Oliverio for Hong hopping us with this. My name is Jen lesser, I'm the event chair for the relay for life of Willow Glen. We actually have five relays whine San José. Willow Glen, Cambrian, Alum Rock, blossom valley and Almaden. The Willow Glen relay for life is may 15th and 16th. This is a very special year for us. It is our 10th anniversary in Willow Glen. And on top of that last year we hit a milestone. We crossed \$1 million funds raised for the American cancer society. American cancer society funds go to four areas. Advocacy, education, services, and research. This is another very special year for us, as you can see from Mary Keenan and her special yellow shirt. We are the only Bay Area relay this year that is registering people for the cancer prevention study. So this is a third generation of this study, and it gives everybody a chance to participate for free in research to help prevent cancer. So hopefully, no one else will need to hear, you have cancer, or a loved one has cancer. So again, thank you so much for this honor. We really appreciate it. And we hope to see all of you out at relay this year. [applause]

>> Councilmember Oliverio: And presenting the commendation is Mayor Reed. It was actually signed by all members of the city council. Thank you. [applause]

>> Mayor Reed: Next I'd like to invite Councilmember Nguyen an representatives of the Grainger company to join us at the podium. Recognize them do for their philanthropic commitment to the community. There seems to be a check involved. We'll see that in just a minute. Councilmember Nguyen will have the details.

>> Councilmember Nguyen: Thank you, mayor Reed. Good afternoon. I'm pleased to present two commendations today to both Grainger Industria Supply and the Bill Wilson center. Both of these companies have made very significant contributions to the San José community by their continued commitment to providing services to businesses youth and families. Grainger industrial supply is the leading provider of top quality industrial supplies and has helped local businesses maintain, repair and operate their facilities for years. Grainger is not only committed to helping local businesses with their facilities but in giving back to the community as well. They are the national founding sponsor of the American Red Cross ready when the times come program which helps to train and prepare volunteers for disaster situations. The Grainger Company has since then trained more than 1000 volunteers across the country who have responded to more than 24 disasters. They have also made generous and have given -- they have been very generous and have given millions of dollars to charitable organizations. And of course we're recognizing the Bill Wilson center today. Today Grainger Industrial Supply will be presenting \$25,000 check to the Bill Wilson Center, an organization that provides youth and family services such as counseling, housing, education and advocacy. But before I go into talking about where this money is specifically going to, I'd like to acknowledge councilmember Pete Constant who actually initiated this effort and has asked each councilmember office to contribute \$2500. So I wanted to ask Councilmember Constant for that. I just kind of went a little further and asked for \$25,000 instead from Grainger. So just to say a little bit about the Bill Wilson Center, founded in 1973, the center has continually fulfilled the goal of ensuring that every youth has access to the services that are needed for them to grow up to become healthy and self-sufficient adults. The center serves more than 10,000 clients all over Santa Clara County each year. By looking at the strength of each individual and building upon those strengths, the Bill Wilson center has and continues to allow youth to change and control the direction of their lives for the better. I would -- just really wanted to thank Grainger industrial supply for their continued commitment to helping our community be successful, and with that I believe Andy will present the check to sparky from the Wilson center, and the mayor will present the commendations to both organizations.

>> Thank you.

>> Sparky, the Grainger community grant program we are pleased to present this check for \$25,000 to your organization. Grainger is proud to be part of this vibrant community and we applaud the Bill Wilson center for its many contributions. And wish you continued success in the coming years. Thank you. [applause]

>> I think the city council all has heard from me on this program, because what happened yast year is because of the budget cuts, we were faced with eliminating our Safe Place program that was first brought to San José by Susan, Mayor Hammer. And many of you have seen these yellow yield signs that say safe place in all the buses, in many locations, libraries throughout the city. And these locations, young people are trained if they have trouble at home, if somebody's following them, involved in gangs, anything that's a problem, abuse at home, they can go into that location with that safe place sign. An employee is trained to call the Bill Wilson Center, and we respond with help within an hour. We've dealt with everything from abductions by a noncustodial parent to a kid being chased by older adults to kids experiencing abuse in the home. Well, the program was cut last year because of many of the budget issues that are facing the City of San José. But of course I wasn't going to take this lightly. So I started one by one, to each of the councilmembers, knocking on the door, saying you got to help us, you got to help us, so I'm sure you all remember that. And of course, Pete said, well, we can step it and do a challenge. And I'm happy to say that many councilmembers did step up to that challenge to help us personally, and plus, Councilmember Nguyen went a step further and helped bring in Grainger to not only help us with the money but also volunteering where Andy is now volunteering to train as a mentor for our kids coming out of foster care. So I really appreciate this support, and thank you, and the other councilmembers, and especially Grainger for stepping us and helping us save a vital program and keeping our kids safe in San José. Thank you very much. [applause]

>> Mayor Reed: Thank you all very much.

>> Mayor Reed: Next item is the consent calendar. Are there items on the consent calendar councilmembers would like to pull for discussion?

>> Councilmember Constant: Mayor, I'd like to pull 2.4A and 2.11, please.

>> Mayor Reed: I have request to pull 2.11, 2.9 and 2.8 as well so motion to approve the balance. Second. All in favor, opposed, none opposed, the balance are approved. 2.4A. Councilmember Constant wanted to speak on that one.

>> Councilmember Constant: I just wanted clarification on this. I know in the past we had to take action to designate someone to act on behalf of the City of San José and also we have a travel memo that talks about the cost and who's paying for it. So I just wanted to get clarification before I voted on those two issues.

>> Mayor Reed: City Clerk, do you want to talk about the travel issue? Because I know we have some complicated rules about travel payment.

>> Lee Price: Yes, thank you, Mr. Mayor, members of the council. The council does have a council policies, 9-5, travel by councilmembers and elected officials. Pursuant to the policy, councilmembers and appointees are required to request travel approval prior to out of state travel or request to use the mayor and council travel fund for travel. There is a matrix attached to the council policy that initially indicates that if a member of the mayor's office or the City and County member requests in-state travel using district or mayor office budget funds there is no council approval required. However travel out of state, International travel, travel that is paid for by some other agency, annual trips, city to city trips, et cetera, those travel requests must be preapproved by the city council.

>> Mayor Reed: I think Councilmember Campos, the other question was just the nature of the travel?

>> Councilmember Campos: I used my personal funds in state of the deficit, I thought it was appropriate to help out however I could and I used my own personal funds from my own paycheck.

>> Councilmember Constant: Okay and then as far as I just had a question on the representative of the city. I know Nancy had brought a memo once when she was traveling to be designated an authorized representative. I just wanted to know what our policy was there and if we've done that.

>> Lee Price: One second and I can give you that. The policy does have a process by which city council members can receive approval by the council to represent the council on business related trips and it does require preapproval by the council to designate someone other than the mayor to represent the city.

>> Mayor Reed: One last question. Were you done Councilmember Constant?

>> Councilmember Constant: Yes.

>> Mayor Reed: I had a related question, that was the excused absences. The charter says, if we have an unexcused absence from a council meeting, a regular council meeting I think is the language, a regular council meeting that if it's unexcused the clerk is required to take some money out of our paycheck and that is set by the salary setting commission. But that only applies to the regular council meetings, correct, doesn't apply to committee meetings, the paycheck deduct.

>> Lee Price: That's correct, mayor, the charter is only directed at city council meetings.

>> Mayor Reed: Councilmember Constant anything else on this 2.4?

>> Councilmember Constant: Just a question. If, on the travel, you were acting as an official representative of the city, I just don't understand. Usually we get what the purpose of the trip is. And I know, like in Nancy's case, it was a very clear memo on representing the city, and I wanted to just kind of reconcile that before voting on it.

>> Mayor Reed: Councilmember Campos, anything to add?

>> Councilmember Campos: I will put my discussion on what the topic that I spoke to with a representative from the White House, and in a supplemental memo.

>> Mayor Reed: Okay, anything else on travel item? Councilmember Chu?

>> Councilmember Chu: I believe that the reason I missed a public safety and finance strategic support committee meeting is due to league of cities conference.

>> Mayor Reed: That's item 2.4C the April 14th meeting? I thought that was the special evening meeting that the committee had. That was like two weeks ago so I can't remember. You just wanted to defer that one until -- if we put that one on the next council agenda you can get it sorted out, if you want.

>> Councilmember Chu: Okay.

>> Mayor Reed: So the record is correct.

>> Councilmember Chirco: If there are no further questions I would like to move approval on item 2.4A.

>> Mayor Reed: Okay, is motion is to approve 2.4A. All in favor? Opposed, two opposed Oliverio -- I'm sorry, Liccardo and constant. All right, on B and C Councilmember Chu do you just want to --

>> Councilmember Chu: Thank you. Actually I just want to clarify that. The reason I missed the Public Safety and finance strategic support meeting is because of our community budget meeting in Alviso.

>> Mayor Reed: Okay, so we can go ahead and move on these two items then? Is there a motion on B and C? So motion 2.4B and C as listed here in the agenda, all in favor, opposed, none opposed, that's approved. Item next in order is 2.8. Parklawn agreement. Mr. Wall you wanted to speak on that. Please come on down.

>> David Wall: First of all, good afternoon, it's good to see you all in apparent good health and good humor. This is a general comment in regards to this subject. I would like to see the city take a more proactive response with these developers. Insofar as they build their parks first, or as they are building their units. All too often they stand before you or come through third-door mechanisms and poor-mouth their case that they can't build their parks because it's not economically sound until they get their units built and sold. Other people come in and buy the units, buy the houses, and then get nothing as we've seen in council meetings. As a general comment I'd like to see the parks be built as the units are being built or built first, and thank you.

>> Mayor Reed: Anyone else on that item? Questions or comments? No. We have a motion to approve 2.8. All in favor opposed, none opposed that's approved. 2.9 a grant application under prop 84. Mr. Wall you wanted to speak on that?

>> David Wall: I'm opposed for any type of grants or free money coming in. My main angst for this agreement revolves and is involved in 2.9C. This goes back to the slipshod ability of the San José Conservation Corps administrative conduct that required significant input from our honorable City Attorney and our honorable City Auditor. This is in deference to the lack luster administrative conduct from the office of the City Manager in this regard. I think there's other ways to recoup more money from this entity, this Conservation Corps, in addition to the grant money, to serve as a deterrent for their slipshod conduct, in addition, I'd like to see some cost recovery coming into the office of City Attorney and the office of the City Auditor with the appropriate level of accolades for having to bail this messy situation out. Thank you.

>> Mayor Reed: That concludes the testimony on this item. Motion is to approve. Councilmember Pyle had the motion. Councilmember Nguyen had the second. All in favor. Opposed, none opposed, that's approved. Item 2.11, the independent police auditor compensation package. Mr. Wall.

>> David Wall: The whole concept of this police auditor position is basically archaic. But in reference to council action of date with reference to the budget, you have shut down the first time I know of the San José police academy. You do not have money to train new police recruits. You are suffering at least 100 San José police officers or so going into retirement with no youngsters coming up through the ranks to fill those spots. You are asking city employees to take pay cuts. You're laying off fire department people and yet, you're filling this position. This position could have been left vacant, nonfunded but above all, as attorneys of record, with the bar

association, know, there are pro bono obligations, and this position if kept should be a pro bono application. And funded that way through their own means. And you have no money for this. Period. Thank you.

>> Mayor Reed: I have one item on 2.11, City Attorney has pointed out that the attachment to my memo regarding the unit 99 benefits, et cetera, is not the most current version of the unit 99 information.

>> City Attorney Doyle: Generally the intent with all council appointees is the unit 99 benefits are whatever is in place for the unit 99 group. So it would be the current benefits.

>> Mayor Reed: That is certainly the intent of my recommendation because the unit 99 stuff does change over time. We have no other public testimony on that.

>> Councilmember Constant: Mr. Mayor I was the one who pulled it.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you. I think it is wrong for us to have made an offer for a new city council appointee at the full salary rate, when we have asked all of our employees to take pay reductions, we're going to be hearing this afternoon or this evening council salary and appointee reductions, unit 99 reductions. And I think it is -- that we made a misstep and I think that it should have been just like everybody else, an offer of 10% less. So I just don't think it's appropriate, given what's going on in the organization, and that every member of that office below the appointee is going to be taking a cut. So I cannot support this.

>> Mayor Reed: Vice Mayor Chirco.

>> Councilmember Chirco: I'd like to make a motion to approve the memo. When it was advertised, it was advertised at this salary rate. And it was advertised as a four year contract, and per city charter, the contract has to begin when the previous IPA contract was not renewed. So that reduced it to a two and a half year contract. And because this was an advertised amount I don't disagree with Councilmember Constant, but I think there is a fairness issue where this was the advertised salary, that does not mean next year, when this comes around, this salary wouldn't be part of the discussions. But I'd like to make a motion to approve the memo as it stands.

>> Councilmember Pyle: Second.

>> Mayor Reed: And just to clarify the motion, contemplates the current unit 99 information not what's attached.

>> Councilmember Chirco: Yes, as the City Attorney outlined it.

>> Mayor Reed: Okay. We have a motion on the floor to approve the recommended compensation package. Councilmember Liccardo.

>> Councilmember Liccardo: Question for clarification here mayor. My understanding when I read this particularly the language relating to the salary being inclusive, looking for the language now, salary's inclusive of any potential reductions which take place at the new fiscal year. My understanding is that in fact there will be cuts as there are uniformly, and they'll be effective starting July 1st, am I right?

>> Mayor Reed: Well I think it depends on what the council does.

>> Councilmember Liccardo: Right, assuming the council takes action today.

>> Mayor Reed: What I'm proposing is that she start at the salary of -- as outlined here, \$169,202. I'm not recommending that we reduce that even if we reduce the salaries of the appointees and the councilmembers.

>> Councilmember Liccardo: I see.

>> Mayor Reed: And this was a part of the negotiated discussions with the IPA after the council selected her. And I made a commitment that I would not recommend that we reduce this amount, and so I'm placing my recommendation in front of the council. And she understands that things can change next year, that this is not a commitment for two and a half years. It's just a commitment for the starting salary. And I'm not recommending we cut the starting salary.

>> Councilmember Liccardo: Understood. Thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: I just wanted to ask a question of our attorney, and that being, wouldn't we be liable to represent a situation one way and then turn around and change it after the fact?

>> City Attorney Doyle: Well, this is the actual formal action that the council would take. You certainly have put an offer out there, and if the council changes the offer, then you've got -- doesn't mean she has to take the job. So I think, you know, you've made an offer and that this is consistent with the offer and you know you'd think at least as the mayor indicated for the next year.

>> Councilmember Pyle: Exactly, thank you.

>> Mayor Reed: May not even last for the next year but my commitment was to make a recommendation to start her at this salary and so you'll see on item 3.4 which is on for this evening that I'm specifically excluding the newly hired independent police auditor from the action that we'll take on the mayor's city council and council appointee compensation. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. I realize I mean it's probably one of those things that looking in hindsight we might have done things differently but I just do too feel a little worrisome that we'll be asking the City Clerk and the City Attorney and others to take a pay cut. Understanding how the job was advertised is one of those sequence of events that unfortunately not ideal. That's just a comment.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Just a final comment is, this is not the first time that I've brought this up, in fact, I think I brought it up before the offer was made, and we had multiple qualified candidates for the job. And quite frankly, I think we should have made the offer, and if it was not acceptable, the person wouldn't have accepted the job. And I don't think that the advertisement had any guarantees, no more than the guarantees that we've given our employees. And, you know, I just think it's wrong to single out one position in the entire organization that's exempt from the pay cuts. So understanding where the council is being that I've already brought this up previously and it went forward, I'll just consciously vote against.

>> Mayor Reed: Anything else on this item? We have a motion to approve made by Vice Mayor Chirco. All in favor? Opposed, Councilmember Constant, and Oliverio, so two opposed, that motion passes. That concludes the consent calendar. Our next item is 3.1, report of the City Manager.

>> City Manager Figone: Thank you, Mr. Mayor, members of the council, as you're aware last week we began notifying our employees who will be impacted by budget proposals that will be formally released next week. We began this process earlier than normal because of the high number of who would be impacted. We expect that more than 1300 full time or part time workers will be impacted either because their positions were directly affected due to position eliminations, or they're being bumped based on seniority rules. While the great majority of those employees have already been notified, there are still some departments, especially those with significant number of part time employees, or those on varying shifts where the process will be finished later this week. My expectation is that about 970 positions will be proposed for elimination. And of those full time employees, approximately 460 will be subject to layoff, the county on the part timers is still being tallied. These are currently our best projections at this time. There are many factors that could change these numbers for better or worse, including retirements, which could create vacancies, or the need for more cuts due to unforeseen changes in our fiscal condition. In addition, as the council's aware the administration has been asked to seek concessions in total

compensation from our employees and so should we achieve success in this regard, the council would be in a position to restore many of these positions and their related services. Regarding the employees, impacted by the reductions, we will do everything we can to assist them through these difficult times and through their transitions. The city offers a variety of resources including job assessment and training services through the city's Work2Future program, and classes and personal support for all employees in dealing with stress and change. Human resources staff will be providing individualized assistance to our impacted employees. On our intranet site, which is only internal to the city, we do have a straight talk site, and we have a new section called employees in transition that continues to provide information and resources. On a personal note, I do want to acknowledge those employees who have received layoff notices, the feedback that I received, as they are responding professionally, and despite how difficult this is for them as individuals, and for all of us as an organization, the process has been going relatively smoothly. And I do believe that this is a testament to the quality of our workforce, of our employees, and the commitment that they have to their work, and to the residents and businesses of the City of San José. So in closing, the final stages of work continues on the 2010-11 proposed budget, which I do expect to release next Monday, May 3rd, and that concludes my report.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: I just had a question for the City Manager. On the layoffs and the bumpings. I heard that there is a little confusion over at that time police department over different seniority lists, city seniority lists versus police department seniority lists and I was wondering if you have any information you can share with us at this time.

>> City Manager Figone: You know councilmember I've not heard of the confusion. HR has provided the seniority list to the bargaining units really at the beginning of the process. And so what I'll have to do is look into that and see where we might need to clarify.

>> Councilmember Constant: Okay, thank you.

>> City Manager Figone: Thank you.

>> Mayor Reed: That concludes the City Manager's report. We'll now take up item 4.1, our economic development strategy 2010. Have some staff presentation on this. Led by Paul Krutko.

>> Paul Krutko: Thank you, mayor. Paul Krutko, chief development officer. Good afternoon, council. Just a few brief remarks because we did have an extensive study session on the draft strategy, which is our second strategy. Through our first five years with the initial strategy. So we had an extensive study session. The memo that's in your packet does identify modifications and direction that the council and the mayor suggested during that session. And some input that we received since that session. I do want to point out that attached to the strategy was something new for us relative to the second strategy, 2.0 which is a work plan for the short term. So the strategy itself is intended to have a life of approximately five years. So the work plan is a complementary, a shorter term document, for an 18-month period and running from actually we're intending it to have already started and would run through June 2011. It identifies top 10 actions for calendar year 2010 as the council suggested. We will report to the council through the Community and Economic Development Committee. We intend to do that in December so we'll add that to the work plan and do that as a regular interval, as a way to keep council abreast of the progress we're making on the strategy. We also intend to come back on the 18 month interval, 12 to 18 month interval, with a more formal presentation in front of the full council. I did also want to point out to the council that we did take a look at how we should handle the question of performance measures. We do have performance measures that are included in the budget document that we will present you as a part, reacquaint and represent to you as a part of the budget process, and when we do, I will reconnect the budget measures to the specific actions that are in the strategy. I do want to thank the council in closing for their input and support on this. This is our effort to prepare a series of strategies and tactics that will help us respond to this recession, I believe that the council agree that the last strategy that we authored at the end of the last session, the dot-com bubble, served us well. We made significant progress and then we received the significant head winds from this devastating national recession. I do want to thank the 130 residents and business people that participated through focus groups. I also want to, in closing, really do want to thank John Lang of my staff who is the principal staff researcher on this document. But I would be remiss if I didn't acknowledge the work of Kim

Walesh. Little over eight years ago when I was recruited here from Jacksonville, the City Manager at that time said as I walked in the door your first responsibility is to develop an economic development strategy. We haven't had one in the city. The first one was our first comprehensive document. This is our second. So the best thing I did, and I think the best thing I've done in the entire eight years I've been here was to convince Kim Walesh to join the city in early 2003. She completed that draft and got it to the council in November of '03. That document we have major accomplishments. Two I'm just going to highlight, it's North San José policy and the Green Vision. The origins of those two efforts you can trace back to that initial strategy. The document has been recognized by other communities, state of California, federal government and national entities as a thought leading economic development strategy that others should emulate. Without Kim and her ability to select and communicate the very complicated informs of change that our city is facing and to help us come up with strategies to respond, we would not be where we are today. So I just wanted to acknowledge her work. Mayor, with that, I'm happy to answer any questions the council might have.

>> Mayor Reed: Thank you. I have a few questions and comments. I want to thank the staff for getting the new section 3 added which deals with our economic base where we clearly identify the importance of our driving industry companies and our employment base. That's a critical thing to remember, and I've seen several presentations in the last few months by the Silicon Valley leadership group about how many jobs are created for every job in the tech sector. And it ranges from 2 to 8 depending upon the different tech sectors. So while we focus on driving industries, they are called driving industries because they drive the economy and create jobs in other areas that are really important to the community as well. So it's important to have that explanation in there. I had a question about the chart on page 27, I think, where it has the industry sector and employment numbers. At least the draft I have it's on page 27.

>> Paul Krutko: Uh-huh.

>> Mayor Reed: And how clean tech companies will fit into our data gathering and reporting. I know we're still working with lots of other people trying to figure out how to count clean tech jobs and they tend to be spread out in different categories. You anticipate having a specific category for clean tech?

>> Paul Krutko: Mayor, I think that is the case. We are, if you will, on the clock with the council out at the Green Vision to specifically achieve a goal of 25,000 clean tech jobs. So the counting of those jobs we will capture through that mechanism. But you make a very, very good point and that's one of the intriguing things about clean tech and the work that the companies are doing here. It cuts across industry categories. And so this whole question of definition and what is a clean tech job and isn't has been something as you point out has been taken up at the national level. But yes mayor we will clearly define what progress we're making in clean tech. I think at some point we are probably going to have that as a separate driving industry. But again, as I reported to the committee yesterday, we've got a chip maker who is focusing on expanding potentially in San José, hiring new people how are making chips for green technology applications, smart grid or monitoring or something like that. So it is a clean tech job, right? So we might need to count in different categories and show things differently, yes.

>> Mayor Reed: Where would our solar companies fit? I want to make sure we're not failing to capture what's going on in clean tech. Solar could be certainly semiconductor and in fact some of them are spinoffs of semiconductor companies using sort of old technology in a new way and similar or perhaps I think they're all semiconductors but I don't know. I'm just curious about that.

>> Paul Krutko: Yeah mayor, that's a good question. I think that we -- they may be embedded in the number of the categories here. And that's something that we will -- I'll take a look at and respond back to you. I'm not sure how we would but you're raising a very good point about how to track. And I think the key element here is we will track those green technology jobs separately from this. I think the point behind this one was really to give a bit of a flavor, as to how our driving industries are changing. And one of the things that was key in the last strategy, and I think continuing here, is both through the council's work, through office of economic development, through the redevelopment agency's work, we were very concerned about the fact that we were really concentrated in hardware. And I think what this is really illustrating is over time, we've been able to diversify those driving industries. And I also think the point is, we are doing that in clean technology. We don't want to have all our eggs in one basket. Software was very key at one moment, the investment in the bioscience incubator is key. Now we'll talk a little bit about in the next item about clean technology demonstration facilities that will give those companies

the ability to compete and be successful nationally. So I think this is more of a flavor of sort of the breath of driving industries that we have.

>> Mayor Reed: I've got a slide I'd like to have the staff put up. I used this slide in my state of the city speech, and I put it up there because sometimes I get depressed about the competition that we face with other states and other countries, as well. And this is a reminder of some of our successes. And I don't want it to go unnoticed that staff has done a lot of work, done a great job. And we have had a lot of great successes with these companies and other over the last three years. And I think it speaks very well for economic development strategy that we can point to these types of companies that have located in San José or expanded in San José. Put that up there as a preface to making the point that we really have to focus on our top ten action items that the 150 or 250 actions or so that are in the plan overall are all interesting but we have to focus particularly on the ones over the next year, because these companies and others just like them are looking around the country for opportunities. And I have one criticism of the top ten list and that is it neglects to include the special tenant improvement and the industrial tools programs which I know, practically each of one of these companies, those were really important to them. And looking at the competition around the country, those are two of our biggest assets, the STI and I.T. programs. And if you'll look at the work plan part of the staff memo, the STI and ITI program are not included in the top 10, and I think somehow they have to make it into the top 10 even if we have to have 11 in the top 10 that we can't ignore the fact that these are the tools that are working.

>> Paul Krutko: Mayor, if I might, though, I think our view, is shown in 6C, I think that director Horwedel and I would tell you that we have as much emphasis on that program and pushing that program as we ever had. So I wouldn't want you to take away from this, that that's a reflection that we don't think that the STI and ITI program are top priorities for the Planning, Building, and Code Enforcement department. If so it is. We are continuing to emphasize a high degree, in fact I reported to the committee yesterday the comment we got from LumaLEDs who complimented planning, saying that a process that normally took four weeks, we did in three and four hours. And that's current work that we're doing right now. So that's a current timecomment from LumaLEDs.

>> Mayor Reed: Well, I think you can never lose sight of the fact that when you talk to CEOs of companies that are thinking about expanding, there's not a lot of things we can put on the table compared to other areas. These are some of the things we can put on the table and we have proof that we can deliver and proof that it can happen, and it is our advantage when they're thinking about moving to New Mexico or Mississippi or Arizona, to be able to do that. And I know that Brocade and Harmonic and Target are all going through the process simultaneously. We've got furloughs, we've had reductions in staff, and Ed Tolentino, John Rocklin and Katherine Sedgewick are working and back in the budget process we set aside some funds for overtime or whatever you might need. And I'd like to know how that's going because I don't want to burn out those individuals and not be able to deliver or another three companies that want to get into the process at the same time. Because if we can't deliver that they will go to Arizona. Because I've had those conversations with CEOs that are going to make that investment decision, and these programs and our ability to work at the speed of business is what's keeping them interested in San José.

>> Paul Krutko: Right. I'm going to let Joe respond to that because he leads that directly.

>> Joe Horwedel: Thank you. Those are really popular programs, and we have Phillips LumaLEDs in for another three appointments for more tools. We are working through that. We have in the budget a program to expand our coordinated review, which I think will offset some of those people going through the STI line right now. So we are looking at what our capacity point is. Today I just checked coming down here for somebody who wanted to file to go through that program, they would be told they're about three weeks out, but we are doing it in the three-hour stint, and if somebody's in a hurry we're able to move them up that pile that does some other disruptions. With the new line we're going to add in the budget next year that will go we think shrink that window, down to closer to a week which is where our customers like it to be. The other piece is, we're looking at code changes to our hazardous materials ordinance, if we can do some things there will actually let me get the cell phone customers out and get that back for the LumaLEDs and Hitachis of the world.

>> Mayor Reed: Okay, I want to re-emphasize, again and again and again, how important this is, because this is a great plan, it's a great strategy, staff does great work. But when you get down to the one yard line and you can't

get the ball over the goal, you're not going to get the score. And these companies, when they're ready to go, we've got to be able to get it over the goal line.

>> Paul Krutko: Mayor I think the team knows that when we're in that situation, they usually hear from me pretty loudly and pretty stridently. So we don't really -- there isn't a situation that I know of recently that we haven't been able to deliver at that level. You asked about the funds, that's correct. We did identify about \$190,000 of funds that Joe can tap, in an aggressive way if he needs to. And the commitment from the budget director is, she understands -- I'm not putting words in Jen's mouth, she's in the room but her commitment is that to the degree we burn through that and you have as you pointed out to us ten companies that were in the queue close to getting the federal loan guarantees that we will find resources to help advance getting those projects approved. But as you know we're a cost recovery part of the City's budget. So we got to manage very quickly and nimbly. So --

>> Joe Horwedel: The one thing I will add on that is overtime really doesn't help for the most part of my business. It is the engineers that are doing the plan check work are not hourly. So we're already working them hard on their regular pieces of it. We are looking at some things as a part of bringing back some inspectors from Public Works where we had laid them off to to be able to boost some capacity. We're doing that and also get our day-to-day service going. The reality is that we want to be able to deliver that, you know, kind of exceptional hand holding services and we're doing it on a, you know, real stretch basis to do that. But my only option is to bring more staff on and I'm not going to risk the fiscal realities of the fee program to bring people on if I'm not going to be able to really book those times. So that's the kind of balance we're running on right now.

>> Mayor Reed: I don't want to be penny wise and pound foolish with next year's budget. We have to be able to deliver these services, or else we're going to lose these companies. We're talking billions of dollars of private sector investment. So as we're looking at the budget for next year, I want to make sure that we've allocated appropriately so that we can continue decide level of service for these companies.

>> Paul Krutko: Mayor, we'll revisit that. We are before the council in just several weeks, so we'll take a look at that so we can speak to that at that time.

>> Mayor Reed: Okay. One other thing that came up in a conversation yesterday, with the CEO of a company that's getting ready to make a couple hundred million private sector investment has to choose between us and Arizona for example is the foreign trade zone. They were very interested in our able to do foreign trade zone work. And I think that's -- has been an overlooked asset that we have. How can we work that into what it is we're doing in a way that's effective?

>> Paul Krutko: Mayor, we do communicate the availability of that incentive when we have conversations with companies, particularly companies in the manufacturing area. That's a key incentive they can use. We're fortunate we got that designation, it's the only designation in the Bay Area so it does represent a competitive advantage. I think what we need to do a better job of is arming you and the councilmembers and others who are making those sales talks, that how that works, we -- to give you some comfort, Joe Hedges is our expert in that. He's been managing the straight zone application process for quite some time. So we have a dedicated staff person who understands how that program works.

>> Mayor Reed: That primarily benefits people who are importing goods in order to build the product that they're going to turn around and sell is that the way --

>> Paul Krutko: Correct. It's really is that they avoid tariffs and duties, as I understand it, mayor, by bringing it in. The zone has subzone designations. They work on the particular whatever it is, let's say it's a device, they work on that device then they may ship it out of the country for export. But while it's here people work, get wages, are employed, working on that product. And that, if not doing it here it could be done more likely in Mexico or some place elsewhere the tariffs and duties aren't present. So it is intended to be a equalizing tool to support manufacturing, competition globally.

>> Mayor Reed: I understand there's a 40% tariff, I learned this yesterday, a 40% tariff on stainless steel coming into the country, which can be an important component on solar products. And 40% is huge if you have to pate

and you can't get it back until you're finished. I think that's a big asset and I would encourage you to figure out a way to get us educated on how we can talk about it.

>> Paul Krutko: Mayor, I did get the referral about the conversation you had and we'll certainly follow up with that company very rapidly.

>> Mayor Reed: Yeah because we need every edge we can get. Up ton video here is Arizona's sun corridor open for business. Which is just to give us all an example of the kind of competition we face. I don't know if you can read this on the screen but the, on average, Arizona wages are 20% lower, Arizona corporate income tax is 21% lower. Commercial office space rates are 23% lower, industrial electricity is 35% lower, workers compensation, unemployment insurance are 58% and 41% lower, Arizona is a right to work state, low union presence, no aggressive income taxes and that is the kind of analysis that our companies go through trying to figure out how much money they can save by moving to Arizona. The one thing they don't mention on here is the weather. So you know that's still a help. And our CEOs don't want to live in Arizona. But putting a manufacturing facility in Arizona, this is the kind of analysis they're going through and it can be millions of dollars a year. So if we can use our foreign trade zone and our moving at the speed of business to our advantage we can win as you can see from an earlier slide. There are companies that really want to see here. We can do it and so our economic development strategy has worked very well for us over the past five years. I think it's important that we continue to deliver by focusing on the top 10.

>> Paul Krutko: Mayor, I agree and I think the other place that's important towns this is it's how important the work that our legislative team and you all do with the legislature. Because a lot of the things that are impacting us are stuff that happens in Sacramento, at the state level. I was pleased to see the governor as he's leaving office, has created an office of economic development within his office. We're hoping that the interest in that will continue with the three candidates that are presently moving forward. There should be an Office of Economic Development within the Governor's Office in Sacramento.

>> Mayor Reed: Thank you. I do want to mention, SB 71 which the governor came to San José to sign, which is a bill we sponsored in order to avoid sales taxes on investment in clean tech manufacturing equipment. That is huge for that industry sector. So we can occasionally get things out of the state legislature, that was a good one. My final comment is Silicon Valley Leadership Group did its annual survey of CEOs. And prospects for this year were good. By an 8 to 1 ratio, they see job growth in their company this year, and three out of four startup CEOs plan to hire in 2010. So the opportunities are going to be here. We got to work at the speed of business through those special tenant improvement programs and everything else. Because the economy is starting to mve, so this is a great time to be updating our economic development strategy and I want to thank staff for the hard work to get it all done while continuing to do economic development. Got to do the day-to-day stuff as well as the long-term stuff. So good job and hope my councilmember colleagues will support that with the one modification to bump that special tools item 6C up into the top ten list would be my recommendation. Other comments on this? Back to the screen. Councilmember Pyle, who chairs our economic development committee.

>> Councilmember Pyle: Thank you, mayor. I couldn't agree more with what's been state already. But I do want to add too that kudos to the economic development group because, first of all, you affect other areas without even thinking about it. For example, education. This is one of the things that we need to increase as well in our area. And I noticed Kim is work with the Mexican heritage group, and other things, as well, I'm sure. I like the fact that you have some strong legislative links which has helped with incentives, you're getting quite a bit of money from the federal government in reference to this.

>> Paul Krutko: Trying.

>> Councilmember Pyle: So those incentivizations really do make a difference in attracting companies as well. And grants are a marvelous way to go. You don't have to pay it back which is great, best kind. And I think that all of this will help us to grow our way out of this recession. Because God knows we can't do it all with cuts. I do want to say, as well, that on page 8 there is an implementation principles that are laid out and one of them that is especially interesting at this juncture is that each city staff member is an ambassador for the entire City of San José. I think each councilmember should pick up that cloak and wear it because we are, the ambassadors for the City of San José. Whatever we can do to help, to encourage, to make known. I think that's our responsibility, as

well. So don't be shy about letting us know. And I appreciate all of your reports and all the work that you and your staff have been doing. I know you're probably going 90 miles an hour in a 60 mile zone but you're doing it so thank you very, very much.

>> Paul Krutko: Thank you, councilmember.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. Councilmember Pyle, was there a motion? Just wanted to --

>> Councilmember Pyle: So moved.

>> Councilmember Liccardo: Great, I'll second that. Does that incorporate the mayor's amendment as well, mayor's suggestion?

>> Councilmember Pyle: Yes.

>> Mayor Reed: Thank you.

>> Councilmember Liccardo: Okay, great. Paul and Kim thank you for the wonderful work, lot of information here, and some of it's not totally -- a lot of it is very new to me. So it's surprising. And I know the mantra about driving industries is very strongly emphasized by your department and I understand why. When we look at San José's share of employment that's committed to driving industries, on page 28, it's about a quarter of our employment as I understand, regionally, we're much higher than that, about a third, 35%. My understanding is San José is much on par with other metropolitan areas. But we're not really on par with our suburban neighbors. And so, that leads me to ask, why do you think -- I mean I understand there are other things that we have that maybe they don't have in terms of universities and so forth. But is it proximity to venture capital, is it proximity to the residence of the executives, why is that we historically haven't been getting as much of the driving industry as the Mountain Views and Sunnyvale?

>> Paul Krutko: That's very interesting, councilmember, I haven't really thought about it that way. I find when I talk with my colleagues around the country our level of venture capital back firms and our level of employment, they're like wow we wish we could achieve that. Then when we look at the comparison next door, I think sometimes you know we're envious in terms of what's been achieved in the adjacent community. I have to say that you know, what we've been able to do with the council's help over the last five years should help us in the long term move our numbers up. And what I'm speaking to specifically is, we, as you know, were in the business of converting our properties to other uses. In fact we've been in some competitions recently where there are buildings that we could have used, manufacturing facilities. I'm particularly reflecting on the Tesla competition, that had gotten carved up into lots of other smaller uses. So I think by moving forward with policies that are holding the line, I think I've showed you a statistic at some point where only 20% of our lands generate you know 80% of our resource, I forget the exact ratio, but a small amount of our land is really what's driving us. It was a very important move to put the brake on industrial conversion. I think the other piece that was very important is, we realize set the stage, as the Mayor's reflecting, the economy is in North San José. We were essentially, Stephen Haas and I were here in '03-'04, we didn't have more development entitlement. You know economy's changed but remember where we were. eBay was using up our last capacity. So we pursued a very far reaching plan to clear environmentally the ability for North San José to continue to be a technology center of the world. So I understand your point. But for many years this community was the residential part of Silicon Valley. It was people left here to go to jobs elsewhere. So many of the things we've been doing, the incubators, the emphasis on the -- some of the things we've been doing with incentives, what the agency has been doing with its incentives are turning the tide. And I also say as we move forward those communities that are north of us are getting to the built-out stage and so you know we're going to have good opportunities. Because San José still has a variety of environments that are very appealing to a number of different companies. So I think we're going to move the needle but very good question about why we're positioned that way.

>> Councilmember Liccardo: Please understand the intention of the question too, I'm not critical of the policies that have been launched in the last five years. I agree with you, we're exploiting the opportunities we have. It is

certainly challenging for us though to look at historically where the companies seem to have been going proimportance at to the size of the towns and certainly, we know that competing with Arizona is challenging enough. But we've also got --

>> Paul Krutko: Austin. You know. We got a lot of competitors.

>> Councilmember Liccardo: I know I don't need to tell you. Anyway, with regard to 2B which was the sales tax sharing agreements and other kinds of net new, I know we've had some challenges in trying to work through all that. Is there any likelihood that we'll have sort of a model of some sort to be able to work with?

>> Paul Krutko: I think we're well positioned to work with any company who is interested in pursuing that opportunity right now.

>> Councilmember Liccardo: Okay.

>> Paul Krutko: I think working with the city attorney's office obviously whenever we bring the first transaction forward that one's going to have to make sure we're covering off. I think we'll get to a template fairly quickly. I have a lot of faith in terms of what we can do to support retail development in a number of districts that we have sites that are challenged because of infrastructure or something else. This is a tool for us to jump start that and build that income stream over time.

>> Councilmember Liccardo: So you're comfortable with us communicating as we're out there in the community, hey, we're interested in looking at this.

>> Paul Krutko: Yes, please do so.

>> Councilmember Liccardo: And finally, on 6A, I know this is the bane of every planning department in every big city in the country. It's always the challenge of streamlining development review. But I know we've been talking about chess clock development, this mythical software that we're going to be able to implement that will really be able to measure our response times. Is this likely to get implemented this year?

>> Paul Krutko: I will let Joe respond. The one thing I would tell you is, we are going to highlight in the study session, Joe, Katy, Allen, the fire chief are working aggressively on a consolidation plan, a cross-training plan, a back of the house plan, to enhance our capacity. So we think there's still more that we can do there, and it's something we want to highlight in the study session what we plan to do in the next year. So Joe, you want to talk about the chess clock?

>> Joe Horwedel: We're running a version of chess clock today. So I'm able, out of the building permit records, when we're done like inspections or plan check to be able to do the in-out, in-out piece. It's kind of running in Planning right now. We haven't published it yet because we're still having trouble with some of the earlier data in the system. We haven't been able to come back and clean out our earlier entries in there. So from a day forward, I think it's running better than what we had seen. I don't think we've gone to try and do it into the public Works or fire side of it, but yes, we built the template in building and now we're now cloning it forward.

>> Councilmember Liccardo: That's really encouraging. Thanks Joe, it's great to hear that. I understand it's always challenging to get through the dirty data early on but I'm glad we're up and running. I just wanted to say I think it's a great plan and look forward to seeing it all coming into fruition.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. I agree and appreciate most of the comments that have been made regarding this, I think the successes in the report really show that there has been San José strong movement. And in looking in the goals I think that we have to see where we are now and where we were as is stated in this study a few years ago. And I think that it's still creating being in Silicon Valley I think creating the identity for San José is challenging at times. Because we haven't had the reputation, being in Silicon Valley for so many years, I think is that righted it because of the work that you and others in the city have done that has been

changing I think because we do have some key anchor tenants so to speak that are globally known that helps to change it as well. A couple comments. One on some of the observations made in the report. And one having to do with the demographic changes here in San José. Because I think that in addition, as the mayor indicated, and shows an example of Arizona, Arizona is one of many places around the country that are trying to attract our employees, our residents, our workers, as well as talent from around the world. Maybe the reason immigration legislation may not help for Arizona but they are going to try to get other companies to move there. That being said I think it's really important for us to understand who we are as a community to make sure we have amenities and have an emphasis on attracting and retaining those that we do have here in the community. And I make reference on page 33 of the dramatic increase, you can see the Korean population, just in eight years, increased 79%, the Indian population increased 51% to 40,000. I think a lot of that has to do with the driving industries and the increase in the driving industries. And I mentioned that you look at and we have a pretty -- we have such a unique and amazing city, with a million people and almost precisely a third white Latino and Asian populations it is extremely unique and I think that offers unique challenges as well in how we make sure that we present and offer amenities. As Councilmember Liccardo was mentioning you know up the peninsula that's where a lot of the companies located, a lot of the residents locate there as well. And I can speak for a lot of the folks that I've talked to in the tech industry is that they still consider that to be kind of the epicenter and part of it is because of the cultural amenities that are offered as well. A lot of the major cultural entities, particularly regarding the Asian-American community, are not in San José but north of San José, either up into Alameda County, or further up the peninsula towards Sunnyvale, Cupertino, Mountain View and what have you and up to Palo Alto. We have to think about going forward, how we retain the talent we do have and really reflect the community as it exists. And particularly, given on page 39 where we're thinking about the markets we need to expand to, the markets we want to open up for our companies, Asia becoming the new center of gravity, as indicated that three of the five largest consumer markets will be in Asia by 2020, so in 20 years. And if we want our companies to be successful, our Ciscos and eBays and so on, most of which already have campuses in all those foreign countries, we have to make sure that we have as direct a connection as possible, and some of that is to make sure that we have the talent. Recently I had a round table in my district with Congresswoman Lofgren with over a dozen of CEOs from the technology park, and without fail, all of them said that we needed to have access to talent. And by having access to talent, it helps the companies go and help bring jobs for our residents, you know, and they hire here, locally, they hire our residents to expand their companies, but they need some of that talent to help get there. And that also goes to two other points. One is make sure that we have the distinctive set of sports arts entertainment and so on to reflect not just our growing population but certainly our diverse population. There's a huge list of very admirable goals most of which I think I've been very vocal in support of. And I think we also want to make sure we really are in tune to the entire population that we have and demographics we have because sometimes for a lot less legwork, you can really offer some really good types of venues and entertainment options for the population that currently exists. And the last thing I'll mention has to do with the increase and this is on page 42, locally educated children immigrants will drive the workforce growth. And in mentioning that, you've certainly received some successes particularly in the Asian American community, as far as children of immigrants that were born and raised here have done quite well, what we haven't seen is the same success in the Hispanic community. We're not going to be successful if one-third of our population is Latino, 40% of them are dropping out of high school. We will not be successful unless we make sure we include the entire community as part of our success here as the capital of Silicon Valley. So in partly I think we want to make sure that as we help these companies grow that we not just supply talent from overseas or from other states or what have you that we make sure we have home grown talent and part of that is going to have to be the Latino population to make sure that they are prepared for the 21st century economy as we oftentimes say. But -- and I know there have been some steps taken, I know the mayor in conjunction with the county office education as an effort to help make sure that our students are prepared but I just want to mention that because it really aligns really well with the report you have and some of the observations that have been made by the experts.

>> Paul Krutko: Councilmember, if I might just underscore how important a point you just made. The issue we have for competition right now is the other centers in Asia, are now appealing enough that people are either going back home or staying home. So this notion of how we build our own indigenous workforce is going to be very important to our competitiveness in the near future. So that's a very important point you just made.

>> Councilmember Kalra: And I think it's one of the most important things that families look for is the education system in terms of choosing a place to live in, certainly, but also, you know, that's always going to play in whether companies decide to move here as opposed to Cupertino or Palo Alto or what have you to be close to the access

to quality public education, so to whatever extent we can get our companies engaged in that would be helpful, as well, in terms of reaching into their own backyard and trying to help some of the students in our community would be helpful too.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. Thank you Paul, I really appreciate this report. And the progress we've made since our study session. I guess I just want to add partly to what Councilmember Kalra just said, in terms of really emphasizing the global nature of our community, and in business. I was listening to a CSPAN program and it was representatives from Singapore talking about how to bring more business to Singapore and they were talking in general about how to bring more high tech companies to areas. One thing they talked about was leading with the global perspective. And a lot of companies are hesitant to do that, they should come right out of the gate, startup companies, thinking globally. I think that's a real advantage for us because of the fact that we have such a wonderful diverse cultural -- we are a global by our nature by the folks that live here and by the kinds of companies we have and can attract. So I think that's one of our greatest advantages. The question I have and what I wonder sometimes is where does our -- where do the talent that goes to work in Sunnyvale and Palo Alto and lives in San José, where where do they live in San José? Are there areas in San José where we can point out to companies that you have workers right here and why don't you locate, you know help them understand where this key talent lives. I think that's important just to give that kind of feedback to companies in our quest for figuring out how to recruit them and bring them to San José. I think just understanding where talent lives. I know in my own district we have a lot of technical talent, a lot of engineers and some of those folks might like the opportunity to work closer to where they actually live. And so I think there's some opportunities there. In reaching out to companies perhaps to look at satellite operations, they might not -- might not necessarily have to bring a whole large division down there but there's probably opportunities to seed projects in the communities. I want to know if that's something that's being worked on?

>> Paul Krutko: Well one of the things we do get engaged in and we do this in our collaboration with the redevelopment agency and with the mayor's office when we're involved in a competition or recruiting. One of the things we do ask for generally right off the bat is can you give us a zip code analysis of your employees? And sometimes it is an eye opener for the company, when we ask that question, because they now see where their workforce is. But you've asked it a little differently. Looking not proactively about certain companies that have presence in the valley and in the Bay Area. And trying to get some of that analysis. Let's let us think about that, about what would be the right approach. I did want to share with you one thought that we just recently had a meeting with eBay in which eBay was really talking to us about wanting to make the case to their own employee workforce that they ought to live in San José. They helped us to articulate our value proposition about why you should live in San José as an eBay employee as opposed to another community in the Bay Area. They wanted us to help them so I think we both could benefit from that kind of discussion.

>> Councilmember Herrera: It certainly can go both ways pointing out the fact that folks already live here because I'm sure companies are concerned about commuting times and productivity and all of that. And especially companies have projects that they don't necessarily want located at the company for various reasons, so they look for offsite places. There is opportunities like that in San José for us to do that I think.

>> Paul Krutko: One of the ones and I don't want to belabor today's presentation but one of the reasons it was very strategic about locating the biocenter was that we would want to take advantage of the reverse commutes and the same in your districts with the properties that we have that are available you can create a completely different quality of life if you locate in South San José in terms of what you do with the rest of your day because you're not involved in that whole commuting pattern. So we have real opportunities in South -- in eastern San José in terms of company recruitment in the future.

>> Councilmember Herrera: And I guess I'm just trying to think how do you seed that? How do you go from instead of saying you have to have this large 200,000 square foot facility, how do you build that, how do you seed that with incubators with projects with things that can grow into that. So my last question is how many things do you see mid term long range for campus ready space for a company that would want to build something as opposed to occupy a space that's already built? Any thoughts in terms of companies or what you would want to see?

>> Paul Krutko: I think there are potential large tenants out there. I think if the council in recent newspaper articles was tracking some of the information, what it's saying is many of the leading companies in the valley are sitting on very large amounts of cash. And they are as the mayor pointed out ready to deploy it. And I think one of the ways we are very well positioned councilmember is that we do have properties that lend themselves to that kind of development which you don't generally find elsewhere. And in the Bay Area or in Silicon Valley. So clearly, you know, we have a long term desire to make sure that we utilize the property in Edenvale, there's one definite site. I did talk already about how we position North San José. And the other site that we think is very key and in our own enlightened self interest is our property at airport West in which we've got some 50 acres there, very well positioned next to the airport, that would be an excellent site. So I think those are opportunities for the campus environment that you're talk about, in particular. So I think the key here is to -- to be out in, and we are, we have our intelligence sources out there, which companies are in play but what they're looking at. But what we're seeing now is a lot of the bigger companies are using sort of the fishing expedition to get a better idea from the existing Real Estate situation. We have to chase every one. We don't know if one's real or if one's sorts of using us to set a competitive mark. So --

>> Councilmember Herrera: I guess in terms of Edenvale and Evergreen for example, I would like us to take a look at how different areas interplay with each other. Since they sort of share some of the same residents, you know residents that live and would be working in those same areas, I would like to kind of see us look at that more holistically, in terms of a strategy that would encompass both of those areas and other areas how they interact with each other.

>> Paul Krutko: We believe and that's why we were supportive as a staff of the efforts council took about retaining the Evergreen properties, that we think they can be a very compelling locations for potentially some clean tech companies. I like having that in our arsenal that we're able to put forward as a competition. The other place, other site I didn't mention we should include in that is the plant because in that reconfiguration of the plant that's going to create some opportunities for us to do that kind of development.

>> Councilmember Herrera: Thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: I just wanted to -- it was kind of an afterthought but I got here in '04. I think you came a little bit after that.

>> Paul Krutko: I arrived here in February 02.

>> Councilmember Pyle: 02. Here's what I not when I got on board. We had a particular mindset. And when I stop to think of the awakening that you've caused it's really pretty dramatic. I mean we were building houses where we shouldn't be, we were not putting our employment lands in place. I mean we really hadn't a picture in our minds of what the city should look like and you helped draw that picture. So that was just something else I wanted to mention as well. I thank you for doing that. So with that...

>> Mayor Reed: That concludes the council's questions for the moment. I have some requests from the public to speak. I'll take that now, David Wall and Ross Signorino.

>> David Wall: I think it's safe to say, that any time that there's a discussion between the council, a public discussion between the council and the Office of Economic Development, the result of that discussion can be described as a confidence destroying event. What we see here basically is pandering to the television community to the citizens, you will do absolutely nothing to better off the literally tens of thousands of unemployed citizens. And in reference to Councilmember Kalra, foreign nationals in the country that are here illegally. You will do nothing to better their plight. So my position here today is to do something, it's a doctrine of economics called pursuing the fast nickel versus the slow dime. You've just spent half hour or so discussing the slow dime version. The fast nickel version is the creation of a regional works project administration, a WPA to put tens of thousands of people around this area, specifically San José to work immediately. In reference to your nice display up there, what Arizona does not have is a prevailing wage. What Arizona does not have is inclusionary housing

and other communist inspired legislation -- that you may laugh Councilmember Liccardo but you have no business here. You have no money here. You have no ability to get it here. You're on the verge of financial collapse. One thing that also should be discussed is how you can make this area more economically viable. Councilmember Campos's program. You attack the cost of living here and that's sustainable agriculture and food. But no, ladies and gentlemen, unless you go after a fast nickel unless you create tens of thousands of jobs, this economy will continue to go downward.

>> Mayor Reed: Ross Signorino.

>> Ross Signorino: Thank you, Mr. Mayor. It was very impressive all those different companies you had up there in your slide. But I hope those companies are the ones potentially want to come leer, I hope they don't find out how we talk things to the death. But nonetheless -- [Laughter]

>> Ross Signorino: But nonetheless, one of the things in regards to Arizona, and ourselves, you might want to point out the fact that the water situation, how good is their water situation? There, you have to have that no matter what kind of industries you have. And I think, our water here, in San José and throughout California, is improving. Because there's a lot of things we want to do in that regard, in regard to the earth dams that we pass a bond for and so on. And to do that, I think that's the big selling point for us to present to any of these companies that potentially can move here. And I think you're right when what was it, Google or Cisco, they wanted to build a big business out there in the south, in the -- down in the south there, and they wanted to bring the workers right there, right on campus to do the work. And I think that's a good potential that we should try to emphasize here. I think you get the people here, I think Sunnyvale is doing that right now or is that Mountain View with Google? And the people are right there, they don't have to get on any light rail, buses or anything, they're right there practically within walking distance. And I think that's one of the emphasis that we should make, and remember, water. Thank you.

>> Mayor Reed: That's the conclusion of the public testimony. Any other discussion from the council? I had one last thing to add, it's not just Arizona. Mercury News had a news report a couple of weeks ago of one of our solar companies that is going to go to Mississippi because they got \$54 million to move their manufacturing to Mississippi. So it's a tough market out there. So staff, keep up the good work. We know what works. You've done a great job. We got a lot of great companies here. We're not going to win them all. We just want our share which is most of them. With that, we have a motion to approve. All in favor, opposed, none opposed, that's approved. Moving on then to item 4.2. Economic development administration grant for the regional innovation cluster.

>> Paul Krutko: Mayor, we've had a lengthy discussion so I won't belabor this. This is an implementation step out of the strategy that you just approved.

>> Mayor Reed: It's good to get into the implementation immediately, way to go.

>> Paul Krutko: This is very interesting, that I just want council to be aware of it. I know the committee was aware of it, I know the mayor was aware of it. What's happening at the federal level is the Obama administration for the first time is putting money behind the notion of regional innovation clusters. The federal government has never done that before. Our competitors in Singapore Shanghai and elsewhere have been doing that and so what the Obama administration has been doing is they've put a very significant amount of money on the table. And it's really geared at the federal labs. And I think what's a real credit to the work that the council has done is that Lawrence Berkeley national labs is pursuing a designation for a regional innovation cluster. \$130 million worth of funding in the area of energy efficient building systems. And they needed a local government partner that's a part of the application. And the national labs chose San José. And so we are going to be their co-applicant. Leave it there if you have questions but what we're pursuing is a significant amount of funding to come to the region. And this would help us incredibly with the competition we face in generating new companies. Because to take the technology in the labs out and create companies that will have national and global markets.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. Paul thanks for bringing this forward. I think it's certainly very promising after conversations with you and Scott Green it's apparent to me that there is a lot of private sector interest which is great. I had just one quick question. I know there was some grant money we used a little while back on electronic or rather -- I think it was electric transportation development center.

>> Paul Krutko: Yes.

>> Councilmember Liccardo: Is that also slated for the same space or --

>> Paul Krutko: So what happened is, was that there was the agency pursued a grant through the economic development administration to do the preliminary planning. What's happened is two things. We have a \$4 million grant based on that application pending in Seattle region hopefully going to Washington, that would expand that idea into, as we describe it here, clean tech demonstration center. So it would be well beyond just electric vehicles. It would be in the whole array of electronic vehicles. This is an incubator where large projects can be prototyped and worked on. So we've expanded the idea that that grant was a precursor to that. What we would get as funding specifically out of this beyond being a leading with Lawrence Berkeley national labs the consortium is \$3 million more dollars towards that project. We would be looking at getting \$7 million to support the buildout of the clean tech demonstration center at Las Plumas that we're working on with environmental services department.

>> Councilmember Liccardo: Okay, thanks Paul. And I do want to, I guess, to echo a point that Councilmember Pyle made earlier, this is one of those areas of my district where there is an enormous amount of housing creep going into industrial areas. I'm glad we've been able to hang onto Las Plumas as long as we have, and let's keep doing it. Anyway, motion to approve.

>> Second.

>> Mayor Reed: Motion is to approve. I just wanted to acknowledge, Scott Green's work on this, mentioned him, so he has done a great work selling the city and representing us and getting us engaged in this consortium.

>> Paul Krutko: Scott -- I just want to underscore that Scott has been here since we started on this about a month ago. I don't think he's gone home. I don't know if he really likes working for us as much as he used to like working for Vice Mayor Chirco.

>> Mayor Reed: We won't answer that question. We have a motion to approve. All in favor, opposed, none opposed, that's approved. Our next item is 7.1, county wide household hazardous waste collection program agreements. John Stufflebean have a presentation or just answer questions?

>> John Stufflebean: No presence, just here to answer questions.

>> Mayor Reed: I have one request from the philanthropic speak. I'll take that first. David Wall.

>> David Wall: Finally I get to say something nice to you folks. You're doing a great job. I mean that sincerely. And however, though, this project, or this program has been ongoing for a long time. But in my opinion, it does need continuing improvement, insofar as continuous advertising, and also, scheduling of more events. Specifically, one event that Councilmember Liccardo championed some time ago, and we can hope that he will, along with his contemporaries, support again. Is the dropoff of these power equipment, lawnmowers, power edgers, things of that nature to make it really, to facilitate the ease the processing of this material so they don't get into landfills. This is a tremendously popular programming, and should be expanded. And how you do that with the budgets and how you fund it, is of course why you get paid the big bucks. But I do thank you and I would like to thank the director as just one of the things he's done correctly. Thank you.

>> Mayor Reed: Motion to approve. All in favor? Opposed? None opposed, that's approved. Item 7.2 is a status report on cooperative efforts between the City of San José and the Santa Clara Valley Water District. We'll have a presentation on this.

>> John Stufflebean: Actually no presentation. I just wanted to make a couple of quick comments. The first is that the district board did approve this item this morning, and also, Ann Draper and Brian Mendenhall are here from the District along with a number of city staff to answer any questions you have.

>> Mayor Reed: Just to put this in context. This is in lieu of having a joint meeting to do these presentation as we have had done in some past years. But I think it's important to have the presentation, because we have a lot of work that's been done by our staffs working together. And the date for that joint meeting just wasn't working out for both us and the board. So we'll do it this way.

>> John Stufflebean: And we still are planning a joint meeting in the fall.

>> Mayor Reed: Okay, that's good, because we have a lot of things that we're working on jointly. Questions and comments. I know some councilmembers had some issues about trails so I'd like to get sort of a briefing here on the trails. They've got money, we've got money. They got creeks we got creeks. And the trail along those creeks is like the hardest thing to do in government. I've given up trying to figure out why. I just accept the fact that it's really hard to do trails, even when you have money.

>> I thank you. Matt Cano division managers of Parks, Recreation and Neighborhood Services, and with me today is Yves Zsutty, our trails program manager. You're correct, mayor, they are very difficult projects but with the help of Brian Mendenhall and Ann Draper and other from the Santa Clara Valley Water District and Yves' tireless efforts we are working on a number of projects. Right now we have about 53 miles of trails in our system, and 38 of those miles have become available as part of the collaborative action plan we have with the Santa Clara valley Water District. A huge portion of existing system that probably would not have happened without that effort. Right now we're working on a number of projects in collaboration with the Water District. One I'd like the highlight is on the Lower Silver Creek at Jackson. The Water District Jackson to capitol the Water District received a federal stimulus funds for their flood control project and as part of that project we're working closely with them to get a trail implemented so that we can save money and get our trail in quicker as part of that project. We're also working with them on other projects such as the Guadalupe reach 6 just south of the children's discovery museum which is our last bond trail project which is under construction now, as well as the Almaden pedestrian bridge over Almaden expressway in council district 10. There is a number of projects that were -- grants that we're applying for right now. We're moving forward with the bicycle expenditure plan grant to get design funding for the Los Gatos creek reach 5, which -- trail which hopefully if we get grant funding for that we can do the final connection from Los Gatos from Auzerais, Santa Clara area on Los Gatos creek all the way into downtown. With that, we're -- Yves or I willing be able to answer any questions.

>> Mayor Reed: Thank you. I have some requests from the public to speak on this item. I think I'll take those now. David Wall and Mark Trout.

>> David Wall: For the second time in just as many moments I find myself in a position of being struck down by lightning. In reference to the fact that you're doing an outstanding job with the Water District, our friends down there at Almaden at the great Taj Mahal, work very well with you. My only criticism of them is that they are very spineless in regards to standing up to you on the issue of the water supply. Now, just because we had a few drops of rain this year doesn't any way make up for all the unbridled growth and more growth that you're going to force down people's necks. We have no water. I would like to see an ongoing sewer hookup moratorium to address this. On the watershed protection issue, the regional municipal storm water permit is a funding nightmare that you will all entertain. You could look at watershed protection at ESD for example, that burgeoning subentity. But this is an area where you could utilize that variation of a works project administration with modifications or elimination of that prevailing wage. Our streams and our creeks and the amount of garbage that's down there is just unacceptable. You've seen photographs tended to you time and time again. This area could employ people immediately depending how you structure the storm drain fee and how you carry out this. Currently how it's going to be done is going to be very cost ineffective and you are not going to get the results that everyone in this room wants to see. Other than that, I thank you again for a job well done. Especially with Councilmember Liccardo, and his dedication to the trails, and for him getting down into the creeks, slogging with the garbage. We thank him and he's entitled to laugh at this time period. God bless you all.

>> Mayor Reed: Mark Trout.

>> Got my cell phone just in case you don't cheat on my time. It's amazing how fast it whizzes on by, two minutes. Everyone else seems to be like five minutes but mine whizzes on by in like 30 seconds. So I've got my cell phone here, just to be sure.

>> Mayor Reed: From here it seems like a lot longer than that.

>> Really? What can I say?

>> Mayor Reed: Good thing to have a clock. Otherwise you'd lose track.

>> Well, not that everything that fox news says is true, but they said they're putting Lithium in many of the water supply around the United States. And they were kind of spinning it as if well this is a good thing. You know we get too hyped up and we need some Lithium to calm us down, it's an antidepressant I guess. It's amazing without our knowledge or consent this was evidently happening. What's his name, I should know him by now, I've been listening to him for years, he thinks it's not true. I don't know if it's true or not but I know I've done some research on fluoride in the water and we should as a city council do everything we can to get rid of everything in the water but water. You know that's what I suggest for you to do. Because you ought to look into it. Fluoride is a very powerful poison. They spun that as it's good for our teeth and our kids' teeth but it's actually a very powerful poison. I think the UK, one minute and 25, 26 seconds. I'll talk fast. The UK did a study on this and there were 15 -- something like 15% of the mothers, and in the water, with the fluoride, 15% of the mothers more had problems with their kids than the water that didn't have any fluoride in it. And so I think that we should definitely look into this.

>> Mayor Reed: That concludes the public testimony on this item. Any further council questions or discussion? Nope, just need a motion to approve the report. Motion is to approve the report. All in favor? Opposed, none opposed. Thank you very much for the Water District's cooperation with the city. We appreciate it. We made a lot of progress over the last few years. Next we're going to take up the redevelopment agency agenda items. We have some staff movement here for a second. First item is the redevelopment agency consent calendar. Are there any items on the consent calendar anybody wishes to pull for discussion? Nope. Is there a motion on the consent calendar?

>> Move approval.

>> Mayor Reed: We do have a motion to approve the consent calendar. All in favor opposed, none opposed, that's approved. Item 3.1, quarterly project status report.

>> Harry Mavrogenes: Mr. Mayor, we'll have Mr. Bill Ekern give that update for you.

>> Bill Ekern: Mr. Mayor, members of the board, while we're waiting for the slide show to come up, I feel like I was just here and I'm sure you feel like I was just here, too, for this same topic, but the quarters go by pretty quickly. What we have is a relatively short slide show to bring you up to date with what happened between January and March. Okay. To start with, the demolition of the ledgers garage near the first church of Christ science. This was an important piece of work. As you know, in order to save the first church of Christ science. Next work that Barry Swenson and his crew will be doing is stabilization the building, doing some exterior work and some structural work and some reinforcement of the foundation. On San Pedro square the project continues to move forward, really getting prepared for tenant space and the inside of the buildings that they have been working on. The convention center roof, we're complete with that, just in time for the rains to finish. So -- but we are very pleased. We did get through the winter with virtually no leaks, no leaks in the area we were working. Very important project for moving forward with the convention center. Civic auditorium phase 1 is complete. It's been fantastic to see the articles in the papers over the last week or so, talking about this and being able to move forward, having people recognize its importance. This is at the stage with new dressing rooms, improving the dressing rooms and the public restroom facilities. The transit mall update, John Weis reminds me for the last two weeks every day that nothing seems to be happening out here. We're waiting for the pavers to come in. This is a project that we're doing collaboratively with the Department of Public Works. The pavers are on back order and as soon as those come in we'll be able to complete this project. Very difficult to see I suspect for

the public but maybe the council's screens are more clear on this. I think this is one of the most exciting pictures I've seen in a long time with the pipes running through the civic auditorium. We're working on the basement and some other enclosed spaces so the contractor, Garden City construction, cleverly created these means air flow so they can work safely and not pump you dust and other bad air into the civic itself but actually to the outside. I thought this was a great example of creative construction. PC architects, down in the Almaden neighborhood continues to work and move forward. I believe they're opening in either July or August. The La Mol building, the La Conda hotel is complete. And I think probably one of the highlights of this really, and you'll see this in the retail section is the Sante grill, which is a new business coming into the downtown which will be going into this space, which really does show the value of the programs, the facade program and structural upgrades to some of the buildings in the downtown. In the downtown, the redevelopment agency works with the Department of Transportation to take care of other infrastructure that does not make it onto the city's list to help with the blight in the downtown, it's very difficult again to see but some of the light poles you can see are entirely eroded of paint and through the agency's efforts and the Department of Transportation we're able to continually recycle and keep these things looking nice in the downtown. The ballpark, probably the most significant movement on the ballpark is that the environmental impact report is heading for the Planning Commission in May, and that will really be a major step with an upgrade to the EIR to address the current thinking about the ballpark. The strong neighborhoods again apologize to the audience very difficult to see these but this is a rehabilitation out on the neighborhoods. And it's I think an incredibly dramatic picture that shows what you can do with a little bit of effort and making the neighborhoods much more livable. Downtown retailers, these are retailers that are going to be opening in the next couple of months but we did want to show you and give you a sense that there still is activity retail activity in the downtown. All of these businesses are currently working on their projects and doing the buildout in preparation for the summer. Similarly, in the neighborhoods, these four pictures, four retailers have actually opened in the last quarter, and I think it's a good distribution throughout the neighborhoods, both in the Alameda and the Winchester area. Edenvale community center, this project will be complete in May and will begin moving forward with commissioning and doing the LEEDs work in order for the city to begin moving in and operating this. St. Elizabeth's childcare, last time I was here just a couple of weeks ago, we were just showing you the starting pictures when they were just beginning the construction. This project is complete, they have ADA access, new floors, new roof, new windows, in this space, in order to really improve the childcare experience in this neighborhood. Downtown office recruitment continues, I think it's been very effective. Though I think one of the most interesting things I've been to in a long time is the last bullet, which is the international delegation. This is a group from Hong Kong had come to visit neurosky which is a visit that is over in park center plaza and it was actually kind of magical experience to watch people be able to use some of their equipment and think about moving themselves around the room and be able to move machinery with their minds as it were. Very impressive to the Hong Kong delegation as well. I'd like to thank councilmembers Chu and Liccardo for participating in that. We're working on a couple of projects that we've gone out and solicited grants funds for. This is in north San Pedro, this is in preparation for housing. This straightens out the big curve in Julian, that was kind of a remnant of the '60s and '70s for moving traffic rapidly through the downtown. Now we want to kind of capture the traffic that's in downtown. This project will begin construction, complete with the design and all the plans are ready to go to bid as soon as the state turns its money over to us and we keep hearing that should happen any day now. This returns the grid as it were, puts the streets at right angles makes it much more pedestrian oriented, and we'll really set the stage for private development of housing in this neighborhood. Plus we get a new park out of the project. Another grant funded project. This was a project that the redevelopment agency designed a couple of years ago and the Department of Transportation picked it up, through the green streets grant and we're able to receive about \$1.4 million in state funds in order to implement the first phase of improvements on San Carlos street which will begin to improve the connection between San José State university and sofa. Really trying to make those links between the students and the other activities in the downtown. This is just almost more than I can talk about in one slide, I think it's reminiscent of the mayor's slide from his presentations about all the activity and work that goes on in the industrial areas and the efforts that the staff makes in order to reach out and keep businesses in the industrial areas. Enterprise zone continues to be a significant project. I'm always impressed to see the number of participants that come into this, again 16 in this last question. The innovation center is an example how you begin to develop and encourage businesses. Really the significant changes that I could identify in this project since we were -- I was last here is the sign for the innovation center sign has gone on the corner of the building. And because this has the sharks colors the sharks have gone into the second round of the playoffs. Talk briefly about the first project last time, and I think again, the anchor to this project is the brocade project which it's worth noting again that the redevelopment agency invested I believe \$4 million for equipment into this project, in exchange for that as it were, we got three towers and brocade's world headquarters in San

José. This was an event, I think there was in excess of 60 businesses. They were participating in this business appreciation. And I think this is again an example of -- shows the impact of the redevelopment agency staff and the city staff's efforts in reaching out to the business community throughout the city but especially in North San José. And with that I'd be glad to answer any questions that you might have.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you. Bill, I just wanted to make sure I heard what I thought I heard. Did I hear you say that the state of California is going to come through with some money?

>> Bill Ekern: I said they promised us it, they keep telling us the check's in the mail. Yes, they're waiting -- I believe they've sold the bonds and waiting for the money to begin moving over to us.

>> Councilmember Pyle: And this is going to happen with all of the redevelopment areas?

>> Bill Ekern: They're probably just swapping our dollars for theirs at the end of the day.

>> Councilmember Pyle: I just thought it might have been Harry's presentation when we went to Sacramento that did this, turned the tide.

>> Harry Mavrogenes: We had made this application before, Roxann was very helpful in securing that money, and I believe the bonds are almost there now. So we'll be able to implement this project but as much as I'd like to take credit for it, I think a lot of people in the staff and Roxann really did the hard work there.

>> Councilmember Pyle: She works very hard. Thank you.

>> Mayor Reed: I had one comment with regard to your slide with the names of the companies as part of the RDA outreach work and that was international rectifier one of the companies that I've had the pleasure to go do the ribbon cutting on. And they picked up and moved a manufacturing operation from a city nearby shall remain nameless, they moved it to San José, doubled the size of their space and they're looking down the block for further expansion. And they did it in their words without skipping a beat on their manufacturing operation because they are booked for manufacturing for the next five years. And they couldn't afford to interrupt that work flow because it got contract staff to deliver on and they were extremely complimentary on the redevelopment staff and the city staff for them to do so, get in there and do the tenant improvements done and not lose time in their manufacturing. So the staff did a great job on that. They are in San José. They're manufacturing products in San José. Most of you will probably never see an \$80,000 power supply, the one you get with your computer is a few bucks. Very esoteric stuff but manufacturing nonetheless, good solid jobs and they wouldn't have come to San José if we hadn't been able to work at the speed of business. So that's straight from the CEO to the staff. Thank you for all your work. Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. With the state grant money, the -- and the rerouting of Julian, are we planning to be in construction as soon as we receive that money or is there some additional steps that need to be taken?

>> Bill Ekern: No, as soon as we receive the money we'll go out to bid. We're ready to go.

>> Councilmember Liccardo: Okay, fabulous. Thanks Bill.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you mayor. I just wanted to thank Harry and the RDA staff who are working very closely with my staff to have a very successful North San José business appreciation event. So thank you very much.

>> Mayor Reed: I think that concludes the report on item 3.1. We have a motion to approve the report. All in favor, opposed, none opposed, that's approved. Our next item is 6.1. Actions related to construction of the Edenvale community center. Councilmember Kalra.

>> Councilmember Kalra: Just wanted to make a motion to approve.

>> Mayor Reed: Motion is to approve. All in favor, opposed, none opposed that's approved. Item 8.1 is a joint city redevelopment agency agenda item regarding the purchase and sale agreement for parcels needed for the planned autumn street extension project phase 1 I believe. We will have I think some staff presentation on that.

>> Harry Mavrogenes: We're prepared to do a presentation if the board wishes. The report outlines this is one of several steps that we've had to take to implement autumn Street. I shared with the mayor this afternoon the 1990 plan for the downtown that was -- that showed, envisioned the autumn Street connection. And we're delighted to be able to do that now. At least this first step. This is going to build the missing link between the railroad tracks to the north and Julian Street to the South. So it will connect from Coleman avenue into the downtown. We have later phases planned. We along with D.O.T. have been very aggressive in pursuing grant funds to complete the other piece of the road. But we feel very pleased that this is the big missing link that we'll be able to do now so we recommend your approval and if there's any questions we can detail a presentation.

>> Mayor Reed: Thank you. Did I serve on the I think it was called the downtown working review committee, I think, in the old days we didn't have task forces, we just had committees.

>> John Weis: The date of that is 1992.

>> Mayor Reed: 1992. And through the year 2010. Right?

>> John Weis: Yes.

>> Mayor Reed: So here we are in 2010, we're still working to implement the downtown plan. But autumn Street was one of the connectors that were important for the development of downtown still important for the development of downtown. And this particular piece is the key piece. And although I suppose getting over the tracks was the essential element that we're able to negotiate as part of the Market center development and getting the funding together to do this link down to Julian is really, really important for the downtown, and all the other development opportunities in that area. So congratulations for the staff. It's only taken you 20 years. But some things are hard. Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. I just wanted to clarify because I know that in the media there's certainly a sense that somehow or other this is all about a baseball park and obviously I think those folks like Mayor Reed who have been working on this along with the agency for many, many years understand there's more to it. John or Harry I was hoping you could explain environmental clearance issues that are related to building out autumn to be able to expand development in the downtown core.

>> John Weis: It goes back to a number of approved plans that have he already been done. The updated strategy plan the Diridon plan and then the environmental clearance for autumn Street was done about -- it was initiated in '06 and completed in '08. So all the EIR for Autumn Street has been done and it's related specifically to the buildout of the downtown. And it really, although it is related to the ballpark has really almost nothing to do with what the intention is here. Our intention here is to build out autumn Street for the buildout of the downtown.

>> Councilmember Liccardo: And my understanding was in fact we have ceilings or limits on how much development we can do in downtown without --

>> John Weis: That's correct.

>> Councilmember Liccardo: -- a buildout of Autumn Street. In fact, this is critical for our environmental clearance for buildout of the downtown core, is that correct?

>> John Weis: That's correct. Basically it looks towards 25% of the ultimate buildout of downtown and then 50% and 75% are the various triggers and 25% is equivalent to I think something in the vicinity of 2 million square feet of office space and a million square feet of housing, we have not hit any of that yet, as you can imagine because of the most recent recession.

>> Councilmember Liccardo: Okay, thanks, John. Then last question just relates to the valuation. I know we had an appraised 3.7 million, ultimately we landed about 4.1 million. There are additional appraisals there or how did that number move?

>> John Weis: The --

>> Pete Larco with the agency. There were two appraisals done. The agency commissioned one and the seller also had an appraisal done. In the case of the agency's appraisal generally the land value comparables were in the \$53 to \$77 range. The seller's appraisal had values ranging from approximately \$50 to approximately \$85 per square foot. Therein pretty much lies the difference in starting point of negotiations.

>> Councilmember Liccardo: Okay. So in terms of the seller's appraisal where did they end up in terms of millions, in terms of the aggregate?

>> We saw the comparables. We weren't able to see the conclusion. But we would surmise it was in the 4.3 range.

>> Councilmember Liccardo: Somewhere north of whatever the selling price was?

>> That's correct.

>> Councilmember Liccardo: Thank you. I'd move to approve.

>> Mayor Reed: We have a motion to approve. Councilmember Campos.

>> Councilmember Campos: Mayor, I just wanted to register I will not be supporting the project. I have stated some of my reasons before, and I've yet to see funding that will complete this project so I just wanted to state that. And Harry, I thank you for your introduction on why you believe we should be supporting it, and I appreciate that.

>> Mayor Reed: I have one request from the public to speak, I'll take that now. Mike Akatif.

>> Good afternoon, I had not planned to attend the meeting. I got a call from staff this morning asking that I come. Not quite sure why three wanted me here. I'd be happy to answer any questions that you might have. I can briefly go through the process from my perspective if you like. How we arrived at the figures and how I feel, it's a very fair deal both for the redevelopment agency and for myself.

>> Mayor Reed: Thank you. Well, it's usually a good idea to be here if there are fully questions. That way we don't have to make a delay. Let's see if there are any questions from the council for Mr. Akatif. The seller. No, okay, thank you for coming.

>> I'm sorry, say again?

>> Mayor Reed: No questions. That concludes the public testimony on this item. We have a motion to approve, all in favor, opposed, one opposed, Councilmember Campos. That concludes that item. We have now to take up the joint financing authority agenda. We have a couple of items on that agenda. This is a -- this is a joint City of San José finance authority, redevelopment agency, city council item. First one is item, agenda item number 2, actions related to the City of San José's financing authority's commercial paper program and actions related to the administration meeting schedules of the San José financing authority.

>> City Manager Figone: Mayor, I think we're just here to answer questions. No staff presentations.

>> Move to approve.

>> Mayor Reed: Motion is to approve. All in favor? Opposed? None opposed, that's approved. Item 3, appropriation and actions related to the supplemental education revenue almighty fund financing. In case anybody is not paying attention to the fund lingo, so we can pay the state of California the \$62 million they're extracting from us this year. We have a motion to approve, all in favor, opposed, none opposed, that's approved. That concludes most of the agenda. We'll now do open forum. I have some requests to speak, Joan Todd, Keith Weisglass, Jim Piso. Come on down so you're close to the microphone. There's plenty of room up front.

>> Thank you for the opportunity to speak. I think I heard some encouraging words today, I hope so. I represent a group of small investors who are interested specifically in investing in green energy, right here in San José. I did like the two words I heard, seed and template. The seed idea means that a small company with small investors can grow here and develop here, rather than moving in or transferring or finding their way through other means. This is important both for the investors and the community. The second item, template, is what we need as initial small investors to see in such a new area. We understand the stimulus package. We are able to see the advantages of job fairs. We are interested in companies that will hire between 50 and 80 people. What we don't understand is the special arrangements made for green energy to have a template or a table of some kind that will give us an indication of the time frame and exactly what is included in the permitting process. We would like, if we could, to see that template, exactly what is required, and when. And what the fees are. How much. And we would also be interested in seeing the differences in the time frame and in the scheduling and in the fees.

>> Mayor Reed: Sorry, your time is up.

>> For green companies as opposed to others.

>> Mayor Reed: Our next speaker would be Jim Piso and Keith wine glass or Weisglass followed by Wilma Hashi.

>> I'm Jim Piaso, and basically I have a statement to say. President Obama in his state of address, said basically, the backbone of America is small businesses. So when did San José take the same approach?

>> Mayor Reed: Keith Weisglass, Wilma Hashi, Mark Trout.

>> Good afternoon, Mayor and councilmembers. My name is Keith Weisglass. I'm a field representative in State Senator Joe Simitian's district office. I'm here today to invite you and members of the public to a community celebration happening next Thursday, May 6th. As you may know, senator Simitian has selected Vice Mayor Judy Chirco as his 11th state senate district woman of the year and invites the community to -- [applause]

>> And invites the community to thank her and honor her at a reception this coming Thursday, May 6th from 4:30 to 6:00 p.m. at the Camden community center. So we hope that you and members of the public will be able to join us. Community members can RCP on senator Simitian's Website which is senatorsimitian.com.

>> Mayor Reed: Thank you. Finally senator Simitian has done something we all support, without dissent, finally he got the magic. Wilma Hashi and Mark Trout.

>> My name is Wilma Hashi and I'm here to speak about the Seven Trees library. 24, almost 24 months ago the citizens of the Seven Trees area were told to let their library close, that in 18 months they would have a new and better library. Now it's 24 months later, and now they're being told that it's another 18 months before they're going to see their library open. A number of students who have really been having a hard time getting access to any library because many of them don't drive, many parents in that area don't have cars so the only ways they can get anyplace is walking or public transportation. And it's really hard for them to get to public transportation if they could even afford to use it. I'm going to read just one small letter that I got from one of the students there and I've got a whole bunch of them that I'm going to leave for you to read. "I'm a poor high school student who lacks the means of transportation to get to any other library. Aside from that our school library is open only on

Monday. How am I supposed to pass without access to books?" And that's the problem that many of these kids in this area are facing and I had lunch with one of the teens from the Seven Trees this last Saturday and she told me the same thing that the library's closed every day except Monday. She has no transportation she doesn't drive yet and by the time the Seven Trees library opens she will be ready to go to college and will not have any access to that library for that entire time. I would hope you would reconsider opening the library for at least a couple of days a week. It would have been better had the money that was kept to have Tully open on Sundays to have the seven trees open for at least two days a week it would help that community a great deal, thank you.

>> Mayor Reed: Mark Trout is our last speaker in the open forum.

>> You know, I've waited now for over two hours. Because what I have to say is so very important. That's why I've waited. I'm not independently wealthy. I do clean carpets for a living and by the way if you need your carpets cleaned, I hope you give me a call. It's only \$50 for the first room and drops down to \$30. But for you folks on the city council including the mayor it will be \$25 for each additional room. 26 four-0419. I was really glad that my leader in my district 9, Judy Chirco, said that this month, April, was the month of the young child. That's so good that you did that and you said that. And I'd like to yield my time for you to explain what did you mean by that, Judy?

>> Mayor Reed: This is open forum. You got a minute and seven seconds left. If you want to speak, fine. This is not questions and answers. Your choice.

>> Well, it is a point of clarification.

>> Mayor Reed: It is your time.

>> Okay, the reason I asked is two weeks ago I was threatened for arrest when I came down to her office to try and get a meeting in response to this. I love children, I've got ten, been married for 30 years and I just wondered what she meant by that. As I mentioned before, there's a very big story that we all ought to be concerned about on this city council. We say we're concerned for kids when the senator in Georgia was murdered in her home because of what she found out about the child protective services having the correct letters CPS but they should be called the child pedophile services. They're full of molesters, they're molesting kids. Some guy on the child protective services some 68-year-old was prosecuted for molesting kids they're make porno movies out of these kids, Judy, they're selling them as sex slaves. That's happening.

>> Mayor Reed: Your time is up. That's the end of the open forum. We're going to adjourn this meeting. We'll take up the evening agenda at 7:00 p.m. We're adjourned.

City of San José city council meeting 7:00 p.m.

>> Mayor Reed: Good evening. I'm going to call the San José city council meeting back into session for the evening portion of our meeting for April 27th, 2010. Before we do ceremonial items, I understand there are a couple of items staff is going to recommend be deferred. And unless there's an objection from the council we'll defer those but I wanted staff to tell us what they are. I believe it's item 11.3 which is the guest house and item 10.1A which is the dove hill project, is that correct, staff?

>> Joe Horwedel: Thank you, Mr. Mayor. Item 10.1A is the dove hill amendment on consent that staff is asking for that to be continued to May 18th, to allow us to renotice the project. We realize that we left several of the streets out on the adjoining neighborhood. So we're going to do another neighborhood meeting and then bring that back for the 18th. On 11.3 I think there has been a request to continue that, and working with the council office, the area, the staff's been looking at the project and requesting that be deferred, and I haven't heard a deferral date.

>> Councilmember Liccardo: I believe the next evening is May 18th, is that correct?

>> Joe Horwedel: So we could put that on May 18th also.

>> Mayor Reed: Okay, unless there is objection from the council, seeing none, those two matters will be deferred. So if you are here on those two items, we're not going to hear those tonight. We're rescheduling those for May 18th and one will be renoticed officially as well. So now we'll take up the first item on the agenda this evening which is ceremonial items. I'd like to invite City Clerk Lee Price to administer the oath of office for some new youth commissioners who will join us down here. [applause]

>> Lee Price: So real quickly, let me introduce to you Rosealeen Dhaliwal and Garland Heng. And I will administer the oath of office. So if you two will raise your right hand, and repeat after me. I, and state your name.

>> I, Rosealeen Dhaliwal.

>> Lee Price: Really loud.

>> I, Rosealeen Dhaliwal.

>> I, Garland Heng.

>> Lee Price: And you can do this together: do solemnly swear.

>>> do solemnly swear.

>> Lee Price: To support and defend.

>>> To support and defend.

>> Lee Price: The constitution of the United States.

>>> The constitution of the United States.

>> Lee Price: And the constitution of the State of California.

>>> And the constitution of the State of California.

>> Lee Price: Against all enemies.

>>> Against all enemies.

>> Lee Price: Foreign and domestic.

>>> Foreign and domestic.

>> Lee Price: That I will bear true faith.

>>> That I will bear true faith.

>> Lee Price: And allegiance to.

>>> And allegiance to.

>> Lee Price: The constitution of the United States.

>>> The constitution of the United States.

>> Lee Price: And the constitution of the state of California.

>>> And the constitution of the state of California.

>> Lee Price: I take this obligation freely.

>>> I take this obligation freely.

>> Lee Price: Without any mental reservation.

>> Without any mental reservation.

>> Lee Price: Or purpose of evasion.

>>> Or purpose of evasion.

>> Lee Price: And I will well and faithfully discharge.

>>> And I will well and faithfully discharge.

>> Lee Price: The duties for which I'm about to enter.

>>> The duties for which I'm about to enter.

>> Lee Price: Great, well done, good job! [applause]

>> Mayor Reed: Next I'd like to invite Vice Mayor Chirco to the podium. She can present the outstanding contributors in childcare awards as well as the George Howard memorial award. We have, I think, five recipients, and we're going to have five councilmembers, each of them, come down and join us.

>> Councilmember Chirco: Just as the city is very proud of our childcare providers, and people who care about our youth we have some councilmembers that the honorees reside in their district. So I'd like them to join me down here. Kansen Chu, Ash Kalra, Sam Liccardo, Madison Nguyen, and Pierluigi Oliverio. The first award is for the outstanding contributor to childcare award. And it is an important part of the City of San José's activities in honor of the national month of the young child. As part of this celebration, the 2010 outstanding childcare award winners were honored at the children's fair held last Saturday, April 24th. Over 5,000 children accompanied by their parents attended the fair. It was a great time! And also very affordable because it was free. And now, I would like to recognize some really great people. These awards are a rare opportunity to publicly applaud those individuals and organizations that have gone above and beyond the call of duty to fulfill the specific needs of young children and their families. As the liaison to the early care and education commission I'm delighted to have

the councilmembers from the recipients' districts assisting me tonight. When I announce your name please come forward with your councilmember and stand between myself and the mayor. Obviously, this is a photo Op. I would like to introduce this year's award winners. Outstanding award for the family childcare center goes to Tammy's family daycare, who is in Kansen Chu's district. If you could join us up here. [applause]

>> Councilmember Chu: Near the Vice Mayor and a picture.

>> Councilmember Chirco: Wait a minute, you have to stay here because I'm going to talk about you a little bit. After ten years in the early care and education field -- how do you say your name?

>> Artemia.

>> Councilmember Chirco: Artemia Agustin has had her own childcare business for the past four years and focuses on kindergarten readiness. Seven of her parents nominated her, in both Spanish and English, which shows how much they appreciate their childcare provider. One parent's comments: My son has been at Tammy's family care for over three years. He is in kindergarten now and was well prepared for public school. He scored nine months ahead of his age on the standardized test for literacy skills. Thank you for providing a solid foundation for our preschoolers. And accepting the award is Artemia Agustin, owner and director. Thank you so much. [applause] The next award is for the outstanding award for family childcare center, which goes to Teachable Moments Family Daycare. If Councilmember Kalra could join us. Teachable Moments Family Daycare is a place where children learn and are loved. The owner, Lisa Giuliana -- I think I need a little -- Giuliana -- I need a little phonetic help. She is a professional who is well connected in the family childcare community and serves as an inspirational mentor. She teaches several classes to providers as well as being a participant in the smart start family care training program which is a critical element in providing quality teachers and also getting some of our families a means to earn an income. Accepting the award is Lisa Giuliana, owner and director. Thank you so much! [applause] And the next award goes -- outstanding award for childcare provider goes to Terrasita Padilla. I'm hopeless! She's the lead teacher at the McKinley Preschool, who is in Sam Liccardo's district. Teresita is the lead teacher at the Santa Clara County Office of Education McKinley Preschool. We are proud to have McKinley Preschool as a San José smart start site. Chosen by West Ed as a high quality classroom that exemplifies the California preschool foundation, her work will be featured in a California Department of Education DVD of best practices. She generously shares her expertise with other teachers by letting them visit her classroom and providing concrete ideas to improve services for children and their family. Accepting the award is Teresita Padilla. [applause] Outstanding award for childcare program goes to the S-T-R-O-N-G, strong fatherhood male involvement program at the San Juan Bautista's childhood development center. Kent Williams, CEO, and this center is in Madison Nguyen's district. So if you can come up here. Predictors suggest that with high levels of father, male involvement, children benefit and become more productive citizens. San Juan Bautista is the only childcare development program in Santa Clara County that has a focus on involving fathers with at least one father-related activity per month. Strong stands for stable, trusting, respectful, optimistic, nurturing and goal-oriented relationships. Accepting the award is Kent Williams, CEO of San Juan Bautista child development center. Thank you. [applause] And our last award is certainly not the least. They're all of such quality. The George R. Howard memorial volunteer award is awarded to exceptional contribution to serving children within any program, project, or special event. This year's recipient is the 100 black men of Silicon Valley. They were nominated by the San Juan Bautista child development centers for their volunteer efforts. Wait a minute, I don't see anybody up here! For their volunteer efforts that directly impact low income families and children at the San Juan Bautista childcare sites. The organizations has donated back packs and school supplies for school-aged children as well as toys and gifts at Christmastime for the preschoolers. Their generosity is making a difference for hundreds of children. Accepting the award is Ron Brown, president of the 100 black men of Silicon Valley. That's right! [applause] We can congratulate all these outstanding recipients for their dedication to these very young children and their families. And just because I like to say it, a community is never so tall as when they stoop to help a child. It is wonderful to be in the company of such giants. [applause]

>> Mayor Reed: We have one more ceremonial before we get back to the rest of the business. I'd like to invite Councilmember Constant and representatives of GROW to join me at the podium as we commend GROW for their efforts to support the Calabazas library.

>> Councilmember Constant: Thank you, mayor. The persons I have up here with me accepting the commendations are Vikram Kantz, he's the president of the organization at Lynnbrook high school. Alice Lynn, who is the VP of operations and designer. Grohit Ani, VP of finances, and Badri Krishnan, VP of public relations, and I hope I pronounced those at least somewhat close. GROW is a teen organization based out in district 1, and the kids are all from Lynnbrook high school, that was established in the summer of 2009 in order to support the new Calabazas branch library which is expected to open hopefully in 2011. GROW is an acronym that stands for give, raise, organize, and work. In reality though the process that they're going to take is exactly opposite. It's going to be work, organize, raise, and give. But the initials didn't work out too well to spell it out because it would have spelled WARG, which doesn't come off the tongue as easily, and the founders actually thought that WARG sounded too much like the word WARGS, which is the bloodthirsty wolf-like beasts that the oars ride on from the Lord of the Rings. So they just decided to flip it backwards, because GROW sounds so much more beneficial. So the teens are working together to raise funds for the library, because the Calabazas branch library was one of the libraries that received funding through the 2000 library bond measure to expand, and it was not only one of the smallest libraries, but it was one of the highest-volume libraries in the city. The funds that were raised through the bond measure do not go towards furniture, fixtures, and library materials, and as we all know, the library's really about more what's inside the library than the building itself. So after construction we'll have a library that's nearly double in size and we're going to need a lot of materials to put inside it. So grow is working in partnership with the San José public library foundation to raise funds for the materials for the library and also provides the teens, this group and all their other volunteers, an opportunity to get involved in local community projects and engage the community in really caring for our local libraries. So I just wanted to say on behalf of all the district 1 residents that are going to benefit because of your hard work, thank you. The mayor has a commendation that he's going to present to you now. [applause]

>> Councilmember Constant: And I think Jane Light, our library director has probably a thing or two to add that I missed.

>> Jane Light: Well I just wanted to add the information that maybe grow was a little shy about telling Pete which is, they already had their first fund raiser is extremely successful, a concert which any of you that has been involved in anything like that, to organize and put on a successful concert is not a small matter and they have already raised several thousand dollars for their efforts and that has inspired us and them to continue to work on their very admirable grow. It is wonderful to see young people rise up and help a community. Thank you.

>> Councilmember Constant: And now we're going to hear from one of the members themselves.

>> Hello everyone, my name is Vikran Kantz and I'm the president of GROW. I'd like to thank everyone for coming out and hearing me and also the City of San José for giving us this commendation and also Mr. Pete Constant for giving us this commendation, and of course the mayor and everyone else. And so I'd like to give a few key thank yous, first of all to Mary McLean, the executive director of the San José public library foundation. Without her, we would not have been able to do all these things so successfully, and so she's really energized our campaign and really helped us out in that. Next I'd like to thank Jane Light, the director of the San José public library. So she has definitely also helped us out and she came to our concert and supported us. So we really owe her a lot for that. And lastly I'd like to thank Debbie Irwin, the former branch librarian of the Calabazas library, because she's the one that put me in contact with Mary McLean and helped me get this all started. So there are some other key thank-yous that I'd really like to give, and that is to all the musicians and the artists who came to our concert and donated their time and their effort to come and fund-raise with us. And thanks to them we raised over \$2500 for the library and their opening day. So without them that could not have been accomplished, and so we really would like to thank them. And the last thing that I'd really like to say is that through GROW, I think that this has begin us all an opportunity to involve us in our community and something even better. The idea that teens and young adult can make an impact in the community. And that's something that's really important, because it's us that's the future, and it's us that need to take these types of chances and these types of positions on these issues, and we need to move out there and make a difference. So through GROW I hope that we've accomplished that, and I hope we give other people more opportunity to do so, as well. Thank you very much. [applause]

>> Mayor Reed: Now we're going to take up the agenda items from this afternoon's agenda which are 3.2, 3.3 and 3.4. After we're done with those matters we'll have the general plan hearing, and then the other land use

matters come after that. So our first item is the item 3.4, we will then take up 3.2, and 3.3, in that order. In order to -- as you can see there are a lot of people here, many who want to speak. In order to make sure everybody gets a chance to speak, we're going to open the public hearing and take testimony on all three items so people can talk about whatever they wish. And then of course we will debate and vote on each of the three items in order that I just announced. So we will start with item 3.4. But first we're going to have some overview presentation and comments to set that are really applicable to all three of these. We will start with the City Manager to make that presentation.

>> City Manager Figone: Thank you, Mr. Mayor, members of the council. I'll just make some opening comments and turn it over to Alex Gurza to pleat the overview. As you know in November of 2009, the council authorized the staff to seek a 5% total compensation reduction for all employees. Due to a worsening financial condition in March of 2010, that direction changed to a 10% reduction. Included in the March 2010 direction was a request to explore the idea of a sliding scale which is still in conceptual form. We are currently still evaluating this concept consequently. So for unit 99, which is item 3.3, and where you will have a presentation later on this evening, I do recommend that a sliding scale be explored as a part of the second 5%, and for all of the other bargaining units be considered throughout the negotiation processes, which are currently underway. So with that, I'll turn it over to Alex for some additional overview.

>> Alex Gurza: Good evening mayor members of the city council, Alex Gurza director of employee relations. With me here this evening is Gina Donnelly and Jennifer Schembri of my staff. As we indicated, we're going to provide just a little bit of context on employee compensation and an overview. And one of the things that we mentioned is that the council is really asked us to look at total compensation when -- as we look at employees' pay. And as we know total compensation is not just pay that people receive. So citywide and all funds the City's personnel cost are \$861 million in this fiscal year. And as you can see the purple part that is in base pay. So base pay represents approximately 70% or 67% of total compensation cost. But the next largest slice of total compensation comes in the City's contribution to its retirement plans. Which this coming again fiscal year is going to be almost \$200 million. As the council knows, that's a significant increase from the current year which is in the \$130 million range, increasing to \$200 million for the contribution to our retirement fund. The next comes health and dental benefits. The City's payment to that which is approximately 8%, and all other benefits, are the remaining portion. So the goal as the City Manager indicated that the council set for us was to reduce total compensation cost, first being the first 5% and then amending it to a total of ten. And what this demonstrates is that if we were able to achieve this citywide the amount of savings that would be obtained. So if you see in the 5% it would save \$43 million in all funds, \$31 million of that would be in the General Fund. If we were to achieve a 10% reduction in total compensation it would save \$86 million, or approximately \$63 million in the General Fund. One of the things that we've been looking at that's been a focus is the increase in our cost per position. So if we look at this fiscal year, which is shown on the screen, which is the current fiscal year, and looked at all city employees, the average total compensation cost again not just pay, but the cost of pay and benefits, is \$120,418. That's this current fiscal year. We look at fiscal year coming up 10-11 it is anticipated to increase to almost \$133,000. And that is, without assuming pay increases, other than those that are already contractually obligated. That represents over a 10% increase in total compensation even if we were to do nothing and leave the status quo. Again say, how can that happen if we are not building in pay increases? If you look at the comments I made earlier it is primarily due to the significant increases in pension cost and health care that continue to rise even if we don't give pay increases. If we were to achieve a 5% reduction in total compensation, this coming fiscal year, you can see that it would be less than what was anticipated but still higher than the current year. So our costs would still be going up for total compensation per employee, even if we were to reduce total compensation by 5%. Now, if we were to reduce it by 10%, you can see that it's almost the same. It's a very slight reduction. The difference between the \$120, four 18, represents approximately half a percent decrease. So with a 10% reduction our cost would almost be status quo from one fiscal year into the next. One of the things that's been a significant topic is the difference between ongoing savings versus one-time savings. As the City Manager indicated the council's direction for the first 5% is that it was to be an ongoing savings. And then the second 5%, the council's direction is that there is to be flexibility as to whether those savings are ongoing or one-time. So this is just a very brief description. And ongoing savings means that once the change is made that becomes the status quo until and unless it changes. Something changes. You can assume then the savings will continue from one fiscal year into the next. So you can build your forecasts around that savings. One time savings on the other hand, the savings are temporary. Usually includes an end date, most typically for a fiscal year. So in the next slide we'd like to just again give you some examples. The middle column is a description that we gave before. So in ongoing

savings when you're talking about personnel costs, pay reductions for example. If we were to reduce pay like a 5% pay reduction that's ongoing meaning ongoing until and unless something is negotiated or it changes. Elimination of premium pays for example, we have in contracts where people can get extra pay. If we eliminated them or reduced them that could be an ongoing savings. Health care changes, for example, changing our cost sharing formula, increasing co-pays, ongoing savings. The most common example of a one time savings are furloughs, and that is because furloughs are generally for a period of time. Employees would agree to take unpaid days off, for a year for example. But usually there's an end date around that. Another example is a temporary pay reduction. Where for example an employee would reduce pay by 5% but at a certain point the pay would revert back to what it was previously. Another example of a one-time savings could be a suspension of a premium pay contrasted with a elimination or reduction. So employees would agree, for example, to suspend premium pays only for the fiscal year. Again, it achieves savings, but it only is for a period of time only for one year. So with that said that concludes our overview presentation and we turn it back to the mayor.

>> Mayor Reed: Thank you. We have these three items in front of us tonight as first steps in trying to deal with the \$116 million budget deficit that we face next year. What we're trying to do tonight is to reduce pay and benefits in order to avoid layoffs and cuts in services to our community. The \$116 million shortfall is more than a budget for all of our parks, libraries, community centers and senior services combined. The biggest piece of this year's deficit is the \$53 million retirement fund costs, for federated about \$9 million and police and fire about \$44 million. If we don't do concessions, or reduce pay and benefits by imposing terms, then we're facing shrinking our workforce by a thousand people. We've already sent out layoff notices to about 1300 city employees that will be affected by this with the bumping in seniority and the loss of jobs. I really regret the loss of jobs and the Services to our community. That is what these reductions will cause. We have great employees. They've served our community well. We're very thinly staffed as a community. We don't have a lot of employees compared to other big cities. Almost by any measure in any department. So our people work very hard because they're dedicated to delivering services. And laying them off means not only do they lose their jobs, we lose the services that they provide so well. And there is an alternative. We can save jobs and we can save services if we all share the sacrifice. And that's why I've called for all of us to give up 10% in pay and benefits to minimize the layoffs and the service cuts so that we pull together, work together, to save the jobs and the services. Tonight you have three matters in front of you, the first is my recommendation asking the city council and appointees who report to the council lead by example and take a pay cut of 10% total compensation. That's because leadership starts at the top and we're trying to lead by example, as painful as reductions in pay and benefits will be for everybody, it is better than laying people off and losing -- them losing their jobs. And we'd just like to note that if everybody had frozen their pay in 2007 we wouldn't be facing layoffs. That the increase in pay and benefits since 2007 would be enough that we wouldn't be facing \$62 million of -- worth of layoffs in the General Fund. Average salary for city employee in 2006-07 budget was about \$79,000. We've had a 13 -- more than a 13% increase since then. And if you work that through, both on salary and retirement benefits, it comes to almost \$90 million and three quarters of that in the General Fund. So that's more than the 10% concessions we're asking for. We're making the request, in some case as on the agenda tonight, we're going to have to insist on the reduction, in order to save the jobs and to save the services. It's a very difficult choice for the councilmembers to make. It's difficult for all of us. It's difficult for all of our employees. And I want to thank everybody that's been working on this. We started back in November trying to deal with it. And people have been professional, not necessarily happy, but people have been professional, and I want to thank everybody on the city staff side and our bargaining units and everybody that's been engaged with trying to solve this problem and trying to deal with the issue. But we come down to ultimately the city council has to make the choice between services and reductions and layoffs. And that's what's here in front of us tonight. So what I would like to do is allow the public to weigh in on this. We have three items in front of us. The recommendation I just described for the mayor, council and our council appointees. The City Manager's recommendations for what we call unit 99 which are essentially all of the unrepresented employees in the city. And then a recommendation to approve compensation an benefits changes for ABMEI terms. Not a contract. But terms to continue on until we ultimately negotiate a contract. With that I want to open it up to take the public testimony. I'm going to call a few names at a time. Please come on down. We got a lot of room in the front row tonight so come on down so you're close to the microphone. And we're going to be here a while folks. I want everybody to be patient and to be respectful so that when it's your turn to talk we can hear you, as well as the other people. So we have three items. You're welcome to speak on one, two or all three of them during this time period. Again it's two minutes. Time goes by quickly. First speaker is Forrest Williams followed by Bob Nelson Dean Daly and Ed Gafankian.

>> Thank you, mayor and councilmembers for the opportunity to speak to you. It's very difficult situation you're in. You have to make a tough decision. But I really want to have you consider the state of the employees. I'm hopeful that we won't balance or try to balance the budget on the backs of our employees. They've only done what we asked them to do. We hired them, we gave them a method by which we would pay them over time. We didn't offer them those exciting salaries during the technology boom. They came, they were steady, they stayed with us. And they earned those particular compensations that they have today. We, as a city, need to do some things ourselves, to help the situation. I was on the retirement board. When the returns on the investments were greater than the plan, those dollars went back to the city to help reduce their contributions to the retirement plan. I was concerned. I wanted that to remain in the retirement, so that we knew it was going to be cyclic. That it was going to be ups and downs. So those changes we have to make, we have to make those adjustments ourselves. So I applaud you, what you have to do, I know it's not easy but I want you to consider the employees. Because they are the ones that make the things happen. They build the buildings. They clean our facilities. They make those innovations and create the things that serve the community. And I really, really want you to make that consideration and make sure that we give the employees the best that we can do. That we really make our best effort to show that we care and respect them as we go forward to try to make this decision. I applaud you, thank you.

>> Mayor Reed: I'm sorry, your time is up. Bob Nelson. [applause]

>> Good evening. My name is Dean Daly. I reside in District 2. It was I guess an honor that I got to go after Mr. Williams who represent me very well and also Mr. Kalra I commend you. I want to commend those. I was going to speak, particularly to the subject of item 3.4. And I guess as Mayor Reed, you so well said, it comes from the top. And of course I take no joy in this. It is difficulty for those to take a pay cut, certainly for all the work that you, the council, the mayor and many good employees here, that it is difficult to take that cut. But of course, times have imposed these terms. It's -- there is no means extravagant the pay you get. I've heard the term punishment and I think that's an unfortunate term. The times have punished and it's not anybody that is imposing that out of ill will. And I certainly bear no ill will as a lifetime resident of San José as many of the workers who have been represented here and many of the other ones who work for parts of the city. There are many inequities of the world the last that have pointed out we cannot address them all unfortunately but we must balance our budget. I am prepared as a private citizen to perhaps accept some fees and increases in taxes that may be proposed. But I think myself and for many other citizens, that we would be more likely to do this, as many difficulties that we have, if we see that the city, its leaders, its employees, have set the example, take the cuts, so that perhaps it certainly will be a sacrifice for them, but it will be also appreciated by the public. Thank you.

>> Mayor Reed: Sorry your time is up. Bob Nelson, Ed Tafanktian, Katherine Capaldo.

>> Thank you mayor and council, I appreciate your time. I am nowhere near as eloquent or articulate as Mr. Williams is, and I'm simply an employee of the city who cares about my job. It is really a difficult time I understand that I think we all do and I stated as what I wanted to say as respectfully as possible. But I'm an electrician and I'm represented by IBEW local union 332 in our negotiations and it's really been a difficult time, because these really haven't been negotiations to best of my able as they're described. The late senator S.I. Hiyakawa says there has been a difference between listening and waiting for your time to talk. Every proposal we have put forth hasn't been listened to, and the city has come back with the same things they had in the beginning with the exception the last time around they came back asking for even more cuts than they originally requested. I understand things are difficult. I also am aware that throughout this state, from Northern California all the way to San Diego, many municipalities, both city, state and county levels, are doing furloughs and other one-time cuts which are sufficient to help plug the gap in the short term. And you've got a group of willing employees that are willing to work, on whatever variables we can come up that will help the city meet its obligations. But it's just hard to believe that all our input's being disregarded and all that we keep getting back from the City's negotiating team is the same harsh Draconian conditions that were first put forth. And I say this with all respect. None of the city employees are responsible for this half-a-billion-dollar building that we're sitting in. I know the city is currently going -- [applause]

>> I apologize for that and I know the city is currently squirreling away quite a bit of money to purchase land at a premium in order to give that to the Oakland A's and I don't feel that is in the best interest of the public.

>> Mayor Reed: Sorry your time is up. Next speaker is Ed Trafanktian. [applause]

>> Mayor Reed: Wait one second sir. April that it will be Katherine capaldo and Lupe Neido.

>> Thank you mayor and councilmembers, I'm here tonight to share my frustration about your budget process. We were here a year ago and you were talking about an \$85 million deficit. And now we're here and it's a \$116 deficit. One year and 36% more in debt as a city. I'm just appalled by that I'm taken aback and I know the actions you're taking now are tough. Probably too late. But we as a city, you guys our leaders, have to figure out how to run this city on the income that's coming in. Because we can't be standing here next year with a \$150 million deficit. I believe your proposals Mayor Reed and council is going to alleviate that problem. My question to you tonight is if you are getting the concessions you're asking for when will San José have a balanced budget?

>> Mayor Reed: Sir, there is not a question and answer period. You've got a minute and two seconds left so keep talking.

>> Okay, so the reason I'm asking that question and maybe you can think about this when you're not here today with so much pressure, is that if you get these concessions I think all these people here today would say okay, if we give you this, when do we have a balanced budget in the city and there will be no more cuts and there will be no more actions on the table? [applause]

>> Okay, I think we owe it, I think we owe it to the city employees to tell them when the end will happen. There has to be an end. Every year we can't be having this kind of a meeting with this black cloud threatening all the people in the city. There has to be a budget put together, we have to live within the budget. You the city leaders have to be fiscally responsible. You have to have a budget you have to manage it and plan for the future. So that's what I'd like you to think about when I'm gone from here. Thank you.

>> Hear, hear.

>> Mayor Reed: Katherine capaldo. Followed by Lupe Niedo and Andrew dyer.

>> Mr. Mayor, Ms. City Manager and council. My name is Carol Capaldo, I'm a member of CAMP. I'm on their board of directors, and I'm on their negotiating team. I've been a city employee since 1984. I strongly urge you to not support the staff recommendation to impose on ABMEI unit 99 your own staff or yourselves at this point in time. The staff recommendation sends the wrong message to those of us who are negotiating in good faith with the city. The city needs to be open to creative solutions. San Francisco's recent solution is the result of everyone working together to achieve a common goal. Saving both services and protecting the people who deliver those services. Please give ABMEI more time to work with staff on an agreement that is acceptable to everyone. Please direct the staff to go back to the table and to bargain in good faith with ABMEI so that we can achieve this goal. Thank you very much. [applause]

>> Mayor Reed: Lupe Neido, followed by Andrew Dyer and Sam.

>> Good evening, Mr. Mayor and members of the city council. The problem that our city faces does not reside on unions not working together. It resides in poor management planning, management's inability to plan ahead has suddenly become a burden to the hardworking employees and residents of our City of San José. Were any of the residents, nonmanagerial employees brought to the table when the unreasonable spending was taking place? Who thought about renovating libraries and community centers and forgot to think, if there was going to be enough money to keep them open? Was it the employees? The residents? Or was it management of an official? Mayor, council and appointees will take a 10% salary reduction to show solidarity with us, and that is commendable. But make unions, and those that make up the union look bad, in front of TV and radio, is not commendable. [applause]

>> By imposing a contract on our sister unions, you are in bad faith taking away from the hard work people of San José, and sending a very autocrat message to the employees. You are hurting the employees, you are hurting the voters. How do you justify to the voters the fact that you're unable to live up to your promises of providing high quality services to those in your districts? Force employees to give up pay is wrong. Taking away high quality

services and facilities from our City of San José residents is wrong. Let's explore alternatives. Let's explore other options. Si se puede, yes we can. [applause]

>> Mayor Reed: Andrew dyer, Sam and then Al Gonzales.

>> Thank you, honorable mayor City Manager councilmembers, my name is Andrew dyer. I am senior hazardous materials inspector represented by camp IFPTE local 21. I urge you not to support the staff recommendation to impose on ABMEI or any other bargaining unit. I urge you to return to the table and work with ABMEI imposing a contract should be an action of last resort. The goals should be considered, every alternative should be measured. The staff recommendation at this time is premature. This imposition sends the wrong message to ABMEI. All the other bargaining units, and the community. Additional time is needed for staff and ABMEI to bargain in good faith to achieve goals. The city should continue to seek creative solutions that will balance the needs protect the city services, honor the valuable work by everyone and achieve spending responsibility. Again we at camp urge you that you do not impose a contract on ABMEI. Please direct staff to return to the table and find the best solution. Thank you. [applause]

>> Mayor Reed: Sam followed by Al Gonzales and LaVerne Washington.

>> Good evening mayor, city council and City Manager. My name is Sam Koushow, I'm a member of AEA, I live in San José. I've been working for the city for the last 24 years and it's been my privilege to work for you and for the city residents for all these years. No doubt that these are challenging times and all of us need to get together go through this difficult time. Imposing contract on bargaining units sends the wrong message and makes the atmosphere poisonous for further negotiations with the rest of the unions. I strongly believe collaboration and creativity are the -- are what we need at this time. So I'm asking the council to direct all sides back to the bargaining negotiation to both sides to reach a viable agreement. Thank you. [applause]

>> Mayor Reed: Al Gonzales, followed by LaVerne Washington and then Jerry sumdahl.

>> Good evening, Mr. Mayor, city council. My name's Al Gonzales. I've been employed by the City of San José for the past 24 years in the Department of Transportation. I'm represented by camp local 21 ever which I'm also an executive board member. I'm a front line manager in the Department of Transportation, and as a front line manager we are encouraged to think outside of the box to find creative solutions to complex problems. I urge the city council to allow all bargaining units to work at finding creative solutions to the current budget deficit. For example, the city and county of San Francisco successfully cooperated with its employees and management to close a large budget deficit and protected city services. So I ask you and I urge you, please do not impose on ABMEI or any other bargaining unit, give them the additional time to work with staff on a creative agreement that is acceptable to the city council. Thank you. [applause]

>> Mayor Reed: LaVerne Washington, followed by Jerry sumdahl and then Carla Anani.

>> Good evening Mr. Mayor and city council as AFSCME president I received a letter in March and another in April requesting a meeting to discuss personnel cost in an effort to mitigate the current financial crisis that the City of San José faces. With a looming budget crisis last year, AFSCME unions agreed to true zeros, no cost of living or step increases. This year one of my fellow unions ABMEI had been negotiating a new contract like all the City's employees ABMEI is acutely aware of San José's budget deficit and in good faith and cooperation offered to take a 5% reduction in wages during labor negotiations. ABMEI also recommended several other steps to decrease the budget and personnel cost. However, during the labor negotiations the city began concession bargaining, seeking additional decreases in benefits, and now is no longer bargaining but seeking labor imposition. As president of one of the City's unions and through the comments and statements I have heard from my members, I am loath to meet with the city representatives who do not seek to negotiate but to impose. These are not good faith and good business practices. AFSCME CEO and MEF which makes up the largest represented bodies this the city have closed contracts and sworn personnel which rely on binding arbitration cannot be forced to negotiate and imposed upon this year. I implore you to please demonstrate that my employer the City of San José is willing to work with my union and others to solve this budget crisis with labor negotiation not imposition and explore long term and budget strategies and revenue generation. In addition, although the City Manager has recommended a 4.75% salary reduction and changes to a few of unit 99's benefits. She has neglected to include some of the

benefits that are the most costly to the city. Management employees receive 80 additional hours or two weeks leave annually as part of the executive leave and management performance programs. Management is allowed to sell back as much as 120 hours --

>> Mayor Reed: Sorry your time is up. Jerry Sundahl -- [applause]

>> Mayor Reed: Jerry Sundahl, last chance, Carla Anani, Allen Wylie, Stephen Kline, JosuÈ Garcia, please come on down.

>> My name is Carla Anani, a contract compliance coordinator represented by CAMP. I urge you not to support the staff recommendation to impose on ABMEI or any other bargaining units at this time. I know camp has already shown good faith that opening our contract and giving back 1.5% cola and also, indefinite salary freeze. We have received nothing in return except additional work, and additional proposed cuts. I urge you to look at the numerous creative solutions that -- to save both city funding and services and also generate additional revenue that has not been taken seriously yet. Thank you.

>> Mayor Reed: Allen Wylie, Stephen Kline. JosuÈ Garcia.

>> Good evening, mayor and city council members. JosuÈ Garcia with building trades council. Thank you for the opportunity to speak to you tonight. I'm here tonight to ask you to not follow staff recommendation and go back to the table and talk to the affected unions. We are facing fast times and hard times but let's not make it harder, let's make it easy. Let's be creative. This country's known for being creative. Let's not take the easy road. These cuts are sending the wrong message from you and from the community. And we need to tell the employees that we value what they do, we care about them, and we like the way they do things. As a community member I really appreciate the work the city employees do and I don't want to send them the wrong message. Let's go back to the bargaining table and come out with something creative. Thank you so much for your time.

>> Mayor Reed: Allen Wylie. [applause]

>> Mayor Reed: Followed by Stephen Kline and then James Gonzales.

>> Honorable mayor city council my name's Allen Wylie. I'm the I.T. manager for San José fire. I've been a city employee for 20 years, and I'm currently represented by CAMP IFPTE local 21. I urge you not to support the staff recommendation to impose on ABMEI or any other bargaining unit. I believe that imposing on ABMEI sends the wrong message to staff and to the bargaining units. Please give ABMEI additional time to reach an acceptable unit and direct staff to begin bargaining in good faith and with our unions. Thank you. [applause]

>> Mayor Reed: Steven Kline, James Gonzales, Charles Rawlings.

>> Good evening Mr. Mayor and city council members. My name is Steven Kline, and I'm a member of various neighborhood associations in District 6. The people who work for this city is the most important asset that we have. The draconian tactics that are being used with this item 3.2 is demoralizing to them and not in the best interests of this city. Negotiation by brinksmanship is the wrong way. Earlier this year I spent a Saturday morning at a meeting of neighborhood leaders and others who were called together by you Mr. Mayor for ideas about the budget crisis. There were hundreds of ideas presented. Many called for interdepartmental cooperation, performance based budgeting and streamlining of various processes in this city. Where are those ideas? Many of them, if used and implemented properly, would go a long way to closing this budget gap. I urge you to use that innovation and support that claim, that the City of San José is the capital of Silicon Valley. Thank you. [applause] [cheering and applause]

>> Mayor Reed: James Gonzales, Charles Rawlings, David McCrief.

>> Good evening, I'm James Gonzales. And I'm a director with the San José Police Officers Association. I'd just like to say that collective bargaining is a give and take. In this case it seems that ABMEI has offered to give significant cost savings to the city and in turn the city is going to take even more than they've offered by imposing this contract. This is not consistent with good faith bargaining. This is not the message we want to send to the

employees. The Police Officers Association would ask that you not impose this contract, you continue to work with the union, that is offering to shoulder their fair share of the burden. Thank you very much. [applause]

>> Mayor Reed: Charles rawlings, followed by David McCrief and Stan Taylor.

>> Mr. Mayor, madam manager, members of council I'm reverend Charles rawlings, I'm the executive director of the Santa Clara County county of churches. Just three quick comments. The first is that something more is going on here than the tension and pull of citizens and their government. There is a global economic change underway that is -- that needs to be recognized as adverse to the common good of the whole of government here, and all of its citizens. It is the global economy which is exerting downward pressure on wages and benefits. My work over the years has been in cities like Detroit, Youngstown, Pittsburgh, Chicago that have been destroyed by the global economy and the failure of government to resist the pressures that they're feeling. You're feeling the pressure not just of the struggle in this negotiation. You're feeling the pressure of large manufacturers moving out of the Silicon Valley. You're feeling the pressure of a loss of tax base. And therefore, it seems to me it is very important to come back to reconsider the proposals that have thus far been made that imposition should not be a tactic used at this point but rather, a reconciliation and a look not only at that time budget cuts that you face, and the pressures you feel from working people who are trying maintain their standards of living, but also, to look at how you resist the larger global forces. And I call on you to use negotiation, reconciliation, conferencing on a broad basis dealing with the other forces that may not be physically visible here, but powerful and forcing us into these corners. I hope we will be able to work together to a different conclusion than has been proposed. Thank you very much.

>> Mayor Reed: David McCrief. Followed by Stan Taylor and Roger store.

>> Mr. Mayor, and members of council, I'm David McCrief, a minister member of the presbytery of San José and on the pastoral staff of Stone Church of Willow Glen. Seems to me a budget that meets the basic criteria of morality and justice is based on a broad discussion and dialogue with multiple options and alternatives. The current budget planning by imposing changes on unions, will raise conflict between community and city workers, and is supported by selective listening. Other communities are able to work constructively with labor unions and community groups to close large budget deficits. In San Francisco a nearby example, is one of them. Without vision the people perish. Mr. Mayor, let us not perish when we know that there are other alternatives that can bring us a solution to success. Thank you. [applause]

>> Mayor Reed: Stan Taylor, Roger stores, and then Kay Denise McKenzie.

>> Mr. Mayor and members of the council, I'm Stan Taylor, a Catholic in the worker and economic justice advocate for my parish St. Julie Billiard. My faith is one deeply rooted in a tradition of justice and a society ordered for the well being of all. Tonight I speak against the injustice that is proposed to be done to ABMEI. This union agreed to the requested goal of a 5% salary cut. Now an additional 5% cut is to be imposed on them. This is unjust and creates conflict where we need dialogue. Pope John Paull standing on an unbroken body of teaching for over 100 years called unions the mouth piece for the struggle for social justice for the rights of working people. They are here tonight to do just that. This tradition demands that workers represented by organizations by joins must have a fair say in how they are treated. I embrace the vision.our social teaching so I am appalled that ABMEI is being blamed for budget conditions caused not by them but by greedy and reckless Wall Street financiers. San José deserves a higher ethical standard that brings peace, not conflict. Thank you. [applause]

>> Mayor Reed: Roger stores, followed by Kay Denise McKenzie and Henry Servine.

>> Good evening, honorable mayor and city council, my name is Roger stores. I'm a civil engineer in the Department of Public works and I have honorably and happily served this city since 1992. I have had an opportunity to work on a multitude of projects here and I love my job. I'm represented by AEA local 522 and I'm asking that you not impose on our brothers in ABMEI. I think that imposition sends the wrong message. It's poisonous as was said before. And I also looking through the memo on this agenda topic today, I see a lot of unanswered questions. I see a lot of well we're not sure about this, we're not sure about that. I see a lot of uncertainty, a lot of unknowns yet I see us rushing forward towards imposition of a number. I think there's been a lack of discussion about let's -- if we talk about ABMEI in particular, if you look back at the numbers there used to

be a hundred of these folks just a few years ago. They're down to 50. What other group in the city, what other -- I haven't seen anybody else take that kind of a hit. Looking at them from a point of compassion, they've already lost half of their membership and now we're asking for more. And so I look at the memo and I don't see any discussion about how it's going to save their jobs. They've lost 50 jobs over the last few years and there's no discussion in this memo about how we're going to save any of the jobs that they still have remaining. I think if you're going to ask people to take further hits it's important to address that issue. I also think that there needs to be realized that they're not in the General Fund. They are in the fee program. This is a completely separate fund, it's not part of the \$116 million problem. It's a fund that is an earmark, it's a --

>> Mayor Reed: Sorry your time is up. [applause]

>> Okay, thank you.

>> Mayor Reed: Kay Denise McKenzie, followed by Henry Servine and then Desiree Gezze.

>> Good evening honorable mayor and city council. My name is Kay Denise McKenzie I am president of camp IFPTE local 21. Our membership has turned out tonight because of our concern over item 3.2. The recommendation to impose on ABMEI if approved will signal to all other unions especially those currently in negotiations, that the city may have an undisclosed agenda to impose on every one of them. CAMP has approached the bargaining table in good faith poised to do our part. But we now question the City's true intentions. Creative solutions come from cooperation and partnership. Send city staff and ABMEI back to the negotiations table to work in partnership on proposals that are acceptable to both sides. Please vote to oppose item 3.2. Thank you.

>> Mayor Reed: Henry Servine followed by Desiree Gezze and Ken Cowell.

>> Thank you, Mr. Mayor, hello everyone. My name is Henry Servine. I'm a Department of Transportation employee and have served you for 12 years. I wanted to keep my comments brief and share with you I love my job, I consider myself a lucky individual to work with aim of you. In the 12 years I've worked for you I've attended gladly over 360 night meetings representing each one of you in your districts. With that in mind I just wanted to bring you one message today in that I would urge you that please do not impose on the people that I work with those my unit 99 managers and in turn the ABMEI, I feel they do have the right to continue to negotiate for the packages that we all must make but we need to be enjoined collectively and together in order to make those sacrifices of free will. And I believe if you allow that to happen you continue to engage the trust and the concern we all share in keeping this city a wonderful place to live work and play. Thank you so much. [applause]

>> Mayor Reed: Desiree Gezze followed by Ken Cowell and Steve sender.

>> Hi, mayor, City Manager, and councilmembers. My name is Desiree Gezze. I've been a city worker for 12 years, I'm in council district 6. This is an emotional time for me. I'm a single mom of two children at home. Rent, car payment and childcare, to impose this type of 10% on me, would probably put me and my children in the street. I came to the City of San José to work, to help people and to lock in my retirement. And you keep talking about retirement. But the deficit for the -- for the federated is \$9 million and police and fire is 47. So the deficit isn't on the lower working people. It's stated that the average is \$90,000 annually. I do not make \$90,000 annually. I make \$56,000. [applause]

>> I make \$56,000 annually with 9.35% going to my retirement. You guys do not pay as the City of San José do not pay into Social Security. It is also stated that you will take -- excuse me -- your 10% but your 10% will not hurt you half as much as 10% on my budget. [applause]

>> MEF took true zeros last time. And it didn't work out the way that it was stated to us.

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

>> Thank you.

>> Mayor Reed: Ken Cowell. [cheering and applause]

>> Mayor Reed: After Ken we'll have Steve Sender and Nancy Ostrowsky.

>> Good evening. My name is Steven Sender. I'm a supervising building inspector with the City of San José. I've worked for the city for more than 20 years. For the last 16 years I have represented ABMEI in their contract negotiations virtually every time we've had a contract to negotiate. Inspectors work in a department that is funded by development fees so the collapse of the housing market had an immediate significant consequence. In January of 2009, we still had 86 inspectors. In January of 2010, we have 49 inspectors. 40% of the inspectors represented by our bargaining unit have been laid off. There have been many recent comments alluding to our unwillingness or the unwillingness of city employees to sacrifice to save jobs and services. I want to make it clear that every member of our bargaining unit agreed to a furlough program that was initiated in June of 2009 that saved money and saved five inspectors' jobs and we did that voluntarily. During contract negotiations we have offered to extend our current furlough for another year. During mediation we offered to accept the 5% wage reduction and waive the mandatory paid training required by our contract. The city rejected these proposals because they were not permanent. We did not stipulate that the money saved would be reimbursed at some future date. We simply want some assurance that city management will cooperate with city employees to establish spending priorities, eliminate nonessential spending, and explore viable long term solution to the City's continuing budget shortfalls. If we have a budget deficit of 60 million or 93 million or 116 million, or 150 million, why are we building libraries we can't staff? Fire stations that are going to be closed before they're open? [applause]

>> Why are we building roads to a stadium that may never exist? [cheering and applause]

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

>> So am I.

>> Mayor Reed: Nancy Ostrowsky, followed by Metty Sonaki and Yolanda Cruz.

>> Good evening, my name is Nancy Ostrowsky and I'm senior staff with IFPTE's local 21 representing AEA and CAMP. I want to remind you of the letter that was hand delivered to you yesterday from John McCarr president of AEA and Kay Denise McKenzie, president of CAMP. They are chapters of IFPTE local 21. And we strongly oppose city management practice of recommending imposition of contracts on employees. It is our hope that you will reject this imposition and direct staff to get back to the bargaining table and work towards a resolution acceptable to both sides. Imposing contracts sends the wrong message to employees and creates an environment of conflict as opposed to cooperation. AEA and CAMP are at the tables now. This sends a different message to us. We believe that in these very trying times that cooperation and creativity are what is needed and not conflict. We just saw the success of a cooperative process in San Francisco led by IFPTE local 21's executive director Bob Muscad where employees and elected officials worked together and closed a large budget deficit and protected city services. There is still time to take this cooperative approach and we urge you to direct city staff to do just that. Imposition, creates failure and breeds mistrust. We urge you to reject this course of action. Thank you.

>> Mayor Reed: Meddy sinaki. [applause]

>> Mayor Reed: Followed by Yolanda Cruz and Dorothy McGinley.

>> Good evening, honorable mayor and city council members. My name is Medi Sinaki. I have been working for the City of San José for the past four years and I'm represented by AEA, local 21 IFPTE. I work for the wastewater treatment plant. By the nature of my work, I see that the staff, the members of the team, for the City of San José are very creative, very educated and dedicated. It would be a shame not to use their resources that we have to come up with solutions rather than imposing things on bargaining units. So tonight I want to urge you to reconsider and not to impose on ABMEI any contract. And we can work on this together, and create a situation that everybody would be happy and our resources are used to the fullest to come up with creative solutions. Thank you.

>> Mayor Reed: Yolanda Cruz followed by Dorothy McGinley and Sue Bradford Moore.

>> My name is Yolanda Cruz and I have been a City of San José employee for 24 years and a union leader for the last five years. I have been very fortunate to have had such a rewarding career with the City. However, the more than 450 full-time union brothers and sisters in my bargaining group will have their career opportunities cut short. To be a public servant is an honor and a privilege. We do not take salaries and compensations we receive for granted. We earn fair compensation for the work we do. We have proudly chosen to remain on this path because contrary to what has been said about government workers in the press we know that six figure salaries and pensions are not what we in the AFSCME family receive. We are rank and file bargaining group representing work class families. Your leadership in honoring fairness and fostering trust among the workforce your constituents city management is critical in this challenging time. Mayor Reed it is up to you and your colleagues to do the right thing. The City's bargaining teams work under your direction. Do not impose terms and conditions on a bargaining unit for the second time in a year. This is not the action that you should be seeking. You have on the agenda to accept the City Manager's recommendation of a 4.7% cut in pay and to alter health care benefits for unit 99. You are willing to take a 10% cut in pay. Goodwill gestures, yes, but real sacrifices? I think not. You failed to mention that car allowances and the sell back of vacation hours will more than make up for any cuts you impose upon yourselves and the management group. Similar percentage cuts to rank and file bargaining units have far greater impacts on the individual employees and our families. You have asked to us take a hit suck it up and smile while we do it because we are doing the right thing in saving community services. Is this true? Why are we the working class families being asked so much more than you? Last year we agreed to true zeros. This year you are asking for 10%. What are you going to ask for next year? Scare tactics and exploiting facts to make it seem like all employees are earning six figure salaries is not only unfair but unjust.

>> Mayor Reed: Sorry your time is up. Dorothy McGinley. [applause]

>> Mayor Reed: And after Dorothy, we'll have Sue Bradford Moore and Bob Leninger.

>> Good evening, honorable Mayor and city council. My name is Dorothy McGinley, and I was a city employee, worked for the City of San José for 30 years, and I recently retired and I'm now serving on the board of directors for the San José retired employees association. And in order to -- basically I want to talk about what's going to happen to our retirees here. In order to maintain a viable democracy we must maintain a thriving middle class and unfortunately our middle class over the past many years has been eroded and it's still being eroded. The take away proposals here are just another example of this erosion. The most aggressive take away is a reduction in health care benefits because it puts more of a burden on persons with lower income. Many retirees are living at poverty levels. An increase in health care cost for them could put medical care out of their financial reach. There are many signs that our economy is improving. Just recently, the Mercury News reported that many of our Silicon Valley companies are flush with cash. Now is not the time to further decimate the middle class. To this end we are requesting that you direct management back to the negotiating table and negotiate further with employee groups. Thank you very much. [applause]

>> Mayor Reed: Sue Bradford Moore, followed by Bob Leninger and Jerry Lambert.

>> Honorable mayor, members of the council, I'm Sue Bradford Moore with the San José retired employees association. There is no question these are difficult times, they are difficult for you as decision makers and they're very difficult for workers and for pensioners of the City of San José. I'm here on behalf of the more than half of our federated retirees who are women, and the more than half of the city's active nonsworn workforce who are women. Many of us were late entries into the work force or we stopped work when our children were born and re-entered after they started school, or maybe we became single moms and desperately needed to work to support our families. Most of us never received that 80 to \$90,000 a year magic number which is the current city median wage. And after 30 years of hard work, we don't receive that 60, \$65,000 pension. Many of us have pensions of less than \$2,000 a month. That's before taxes and medical insurance. Most of us have no other source of retirement income. We will not receive Social Security, although we will write a check every quarter for \$300 for Medicare part B. We are not fat cats living high on big government pensions. We just want to remind you that when medical plan co-pays are increased and medical plan coverage is diminished, retirees are directly affected. The least of us, those who work at the low end of wage scale, and retirees and survivors, who may

receive half the pension granted to their spouse and nothing else, these are the ones who will be affected most. I urge you to work with ABMEI and other employee organizations and retiree groups to seek ways to close the budget gap that are not on the backs of citizens who most need city services, or the employees and retirees at the lowest end of the compensation scale. Thank you. [applause]

>> Mayor Reed: Bob Leninger, followed by Jerry Lambert, and then Tom Brim.

>> Thank you, Mr. Mayor, members of the council. Bob Leninger, president of the San José Retired Employees Association. I can't really add to much more to what was said there. A few statistics would be interesting, and I would recommend that you not take this action, you don't approve this action tonight. To put a few statistics on that 3,000 pensioners, 1200 qualify as extremely low income federated pensioners, 779 very low, that's 66% of the 3,000 fur add the lower income category it is 82% of those pensions. I think this is an unintended consequence in here of these co-pays. If you have an income as many of these do of less than \$1500 before deductions, and you're at the average age of 70 plus, as most federated retirees are, this is a big hit and it was stated on one of these slides up here about was stated that health care changes would be ongoing savings. You already have in the retirement services and HR is has a lot of records that show that the lower the income and the steeper the out of pocket cost the less effectively these people use their services. They can't afford their medicines, they don't got to certain treatments they should take and the city has been responding to that with co-pays and relates to asthma, diabetes and the rest, the providers have already seen this. It's not an ongoing cost savings, it's an ongoing cost escalation risk, and it's going in the wrong direction hitting the wrong people right now and they can't afford it and we recommend you go back to the board on this issue and the others brought up here there's a lot of creative thoughts and let's do it right working together on this thank you. [applause]

>> Mayor Reed: Jerry Lambert followed by Tom Brim and Annie gamblein.

>> Mr. Mayor, City council, my name's Jerry Lambert. I've been a building inspector with the city for 17 years now. I've experienced personally about 22% pay cut through bumping and furlough. And I'm still standing. So I'm willing to accept my fair share of what this economy has imposed upon the city. When I believe that that's what's being discussed. I encourage you to send staff back to the table with my union ABMEI to bargain in good faith so that we do not feel the victims of bad management. Thank you. [applause]

>> Mayor Reed: Tom brim, followed by Annie gamblein and John brim.

>> Hi my name is Tom brim and I'm president of the inspectors union ABMEI. I'm angry about all this and City of San José employees are angry too. Are you mad? [cheering and applause]

>> The mayor and the previous city council indebted our city for huge purchases which now come back to haunt all of us. They bought this new beautiful \$450 million City Hall, not the employees of City of San José. They also voted to pay \$1.3 billion for the new airport expansion. Not the City of San José employees. Also you're going to go ahead and try get a new soccer stadium. Not the City of San José employees. Also, you're trying to get a new stadium for baseball. Not the city employees. So we've got to decide here. Is this a rich city where you can indebt yourself for anything you want to or is it a poor city where you can't even afford to pay your employees fairly? [applause]

>> So why does the mayor and his allies along with the City Manager want to blanks their budget by beating up on the city employees who did nothing to cause this budget deficit? That's like beating up your children because you can't make your house payment. [cheering and applause]

>> Do not do this! Do not impose any contract on any union. Balance your budget like San Francisco did, with the help of the city employees, and by reducing the \$250 million in nonsalary money that our mayor and City Manager refuse to touch. Shame on them! Our -- just overrule them and show them that with good leadership, and some common sense, the council and the unions together will get us past this current economic crisis.

>> Mayor Reed: Sorry, your time is up.

>> Thank you.

>> Mayor Reed: Annie gamblein. [applause]

>> Mayor Reed: Followed by John brim and Pat Saucedo.

>> Okay, good evening, my name is Annie gamblein. I have worked for the city for the last 11 years as one of the few part time benefited, I just got my laid off notice. On Thursday. And June 26th will be my last day. And I'm here to say to all of you, please do not impose the contract of any union. This is a shame on you. There's no reason why the city cannot sit down with the unions, and negotiate in good faith, even though I do not think the city is capable of doing it. I am sorry, but I -- at this point, I don't see it. I've been here like I said 11 years and this is the worst I've seen. And even though I work part time being laid off this is going to make a big dent in my family, in my well-being, and of course, I haven't taken a vacation with my kids. So yes, I'm going to take a vacation. I deserve it, my kids deserve it. But this is not a way to take a vacation. This shouldn't be the way to do it. Because I am being imposed on taking this vacation. It shouldn't be. And I shouldn't be have to take this time off. [applause] I have sick leave. I'm going to have to take the sick leave because I am going to lose it. It is not right. Good luck to all of you because you have -- you're losing a lot of good employees, the good employees you're losing a lot of good employees.

>> Mayor Reed: Sorry your time is up. [applause]

>> Mayor Reed: Pat Saucedo, Chris Gamblein, Hope Cahan.

>> Mayor and council, Pat Saucedo, of San José Silicon Valley chamber of commerce. I will be brief and I will be unpopular tonight. The decision in front of you is going to be difficult and obviously it is very emotional. These are extremely difficult times. On behalf of the chamber I am here this evening to say tonight is the watershed moment. The council needs to start making the difficult, difficult decisions to bring the city spending in line with its revenue stream. I don't like it. The business community doesn't like it. Because they're suffering, as well, which is why you're suffering here tonight. And while all of our city family, whether it's our city workers, our neighborhoods, our families, our businesses, we are all suffering right now. I don't know of anyone or any family that is not struggling with unemployment, reduced work hours, reduced benefits, reduced pensions. You have a difficult decision. You need to make the right decision. You need to start this process. You need to implement measure 3.2, 3.3, and 3.4, that are before you. I know it's unpopular. I've sat there myself. I don't envy you tonight. But it needs to begin. Thank you. [applause]

>> Mayor Reed: Chris Gamblein. Hope Cahan, Bob Brownstein.

>> Hi, I'm Hope Cahan. Honorable mayor, Vice Mayor and city council members. I'm here to oppose 3.2, the implementation of the city's last best and final offer. We cannot balance the budget on the backs of our employees and imposing a contract is in bad faith. The union has been trying to negotiate with us, they have been trying work with us, and to say to them, that we're not going to listen anymore, we are going to impose what we want, regardless of what you are saying, is bad precedent. It's bad precedent for this union and the other unions, with close contracts that will then, the result will be that they will not negotiate. They will not open up their contracts. The mayor said that he does not want to lose any employees. And if we don't -- if we create a situation where the unions will not open up their contracts, we will lose employees. Because we will not be able to negotiate in other areas. And when we lose employees, we will lose vital services to our city. As a public former public school teacher and former county paralegal and inspector, you don't go into the public sector for all the money that's there. We know that the private sector, you can get a lot of money in the plush times. You go into the public sector because you want to contribute to your community. But also for the security and for the honesty of the city that you're working for. And right now, this implementation would not show an honest negotiation with our unions. And I fear the 2040 task force, Planning Commission, city council has been working on strengthening our city, strengthening our buildings. We have seen the results of poor buildings in other countries, when earthquakes happen. We will have another earthquake here. If we have bad building inspectors because we lose our good ones that we have now then we are going to have bad buildings. We are going to have a serious implication-

>> Mayor Reed: Sorry your time is up.

>> Thank you.

>> Mayor Reed: Chris Gamblein. Bob Brownstein. Wait just one minute one second here. Chris Gamblein, followed by Bob Brownstein. I assume you're Chris.

>> That's right. My name is Chris Gamblein. I've been an employee of the city for 20 years this time around. I'm an executive board member of the ABMEI. I am obviously opposed to being imposed the contract by city management and so forth -- sorry I'm a little nervous, here but I can't vocalize any more than I've heard from this audience tonight about the plight of the city and the employees. But there is a quick analogy I have, this might be a little bit corny but this is the way I look at the way the negotiation process has happened. If any of you guys have ridden a motorcycle, some you guys might know or have done in the past, when I used to be riding my motorcycle, I'd be jumping up and down doing our touch and get up there and the thing started running poorly. What I do is I'd get the screw and yanking it down so it started to run a little bit better. Now, I'd do it for fine and then it would start to run again and I'd back it off a little bit. This is the way I see negotiation, it's kind of like I adjusted my motorcycle when I was a kid. As things got tough, you guys kept putting the screws in and then backing it off. As things started negotiation, you'd screw it down again and then you would back it off. The problem is now, you guys screwed it down so tight, you forgot to back it off. So I think it's time to back it off and let us go back to negotiation so we can get a contract we can all agree upon. Thank you. [applause]

>> Mayor Reed: Bob Brownstein, Dennis Martin, Jim Crawford.

>> Bob Brownstein: Mayor Reed, members of the council. Please consider my comments to you tonight and expression of tough love. Two months from now, San José faces the most severe cuts in public services in its history. Yet the city's current budget strategy is a disastrous failure. Compare our strategy with other jurisdictions. Last week, Mayor Newsom in San Francisco completed agreements with that city's unions to save \$100 million in services. Today, Mayor Reed seeks to impose contract terms on a tiny union, ABMEI to save at most a few hundred thousand dollars, despite the recognized fact that imposing terms significantly reduces the likelihood that other unions will provide the concessions the city hopes for. Please, listen to the people who worked as hard as they could last year to generate \$8 million in union concessions. Imposing on ABMEI makes our job dramatically harder. In the movie, Apollo 13, the leaders at Houston control said, "Failure is not an option." Right now the leaders of San José, seem to be saying, "failure is our preferred alternative." We need to change course now. To steer a course turned to success, ask the City Manager to do three things. Accepted your negotiators back to the table to meet with ABMEI. Even negotiations with a tight timeline will be helpful. Revise your strategy regarding the rest of the unions to seek out agreements that can actually happen. Arbitrary demands that lead to angry rejections will not open a single library or a single community center.

>> Mayor Reed: Sorry, your time is up. [applause]

>> Bob Brownstein: Thank you.

>> Mayor Reed: Dennis Martin. Jim Crawford, and then Mike Terwilliger.

>> Good evening, mayor and council, I'm Dennis Martin with NAOP, and I'm here to speak to 3.3 and 3.4 particularly. I want to thank Mayor Reed councilmembers Liccardo and constant and City Manager Figone for their leadership in this immensely complicated and gut wrenching issue. Leadership starts on the 18th floor here in San José. And leadership means showing you're willing to feel the pain along with your troops. Now Pete Constant's even gone a little bit further by working with staff to start to address composition costs on the 18th floor. Thank you Pete, kudos for your courage because it takes courage to look your employees in the eye and tell them they have to pay a pay cut. But what's missing here in the discussion, it seems to me is a little alarming. I'd like to see more commitment from the rest of the council to reduce their pay and perks and I'd like to see commitments to reduce 18th floor staff costs from the rest of the council as well. These actions along with reducing management compensation, thank you, City Manager Figone for that, would demonstrate to this city that the council means to step up and stem the tide of red ink, budget deficits and declining city services and restore confidence in the fiscal management of the city. I urge you to support the reductions in council compensation and management compensation to restore balance and sanity to city government. Thank you. [applause]

>> Mayor Reed: Jim Crawford, Mike Terwilliger, Susan Bailey.

>> I think I'm next. Jim Crawford. Pastor at first United Methodist church. We're sort of across the street. I've got two things to share. First it's better to take the long view than the short view. I say that specifically about the pensions. The biggest nut here to solve is your pension void. And there's no legal requirement that you do it in one year. I know you'd like to do it in one year. But you don't have to. One of the largest employee pensions in the world is PERS. The California employee pension. And they've decided that because the stock market has recovered so well this last year, and is doing well this year, that they're going to take their losses in 2009 and spread it over the next 30 years, and only pay that loss over that period of time. They don't feel the need to put it in, in one year. Now if you take the pressure of your \$65 million pension loss off of one year of budget, that makes a huge difference in how much have to solve in your \$160 million budget loss. The only requirement that you do it is your requirement as a city council. There's no legal requirement. You could spread that pension payment out as long as you want. It all depends. You only pay pensions on the earnings anyway. It's really not the contributions of the members or the city. It's the earnings. And you have plenty of money in the pension right now to pay pensions for years to come. The second thing I would say it is easy to be penny wise and pound foolish.

>> Mayor Reed: Sorry, your time is up.

>> And that's what you're being with these people.

>> Mayor Reed: Mike Terwilliger. [applause]

>> Mayor Reed: Followed by Susan Bailey.

>> My name is Mike Terwilliger. I'm a supervising building inspector with ABMEI. I'm also on our negotiating team. I joined the city 14 years ago I came from a smaller jurisdiction because I wanted to join a team of the best. And I will have to tell you that the group of inspectors we have here are the best I've seen anywhere. They're talented, they're educated. To lose them, as you said we've been cut from 86 down to 49 over the past little over a year, they don't come back. They've tried to get some of them back. They get other jobs because they are so talented. And what you are going to by this is you are either going to lose more of them because of the change in benefits and such and you're not going to get them back. The other thing is that I've been on the negotiating team several times now. Negotiations I consider to be a give and take proposition. There has been no give and take in these negotiations. It's been how much can the city take and how can they figure out to take a little more. We stand ready to go back to the table. We've offered creative solutions which actually exceeded what the city was after but they weren't considered to be long term enough. Everything is negotiable. Even something that is not considered to be long term such as a step reduction for 20 months which was in our mediation proposal can be renegotiated after 20 months. I asked the city to come back to the table we're ready to talk we'll work with you but if you impose on us you're going to make it very difficult for us to retain these very talented people. Thank you.

>> Mayor Reed: Susan Bailey, [applause]

>> Mayor Reed: And then John Max Reger and Paul Pringe.

>> Yes, right now, in the state of California, we have over 16% unemployment. No one here seems to be crying about the private sector situation. There are thousands of unemployed people who would be glad to take your jobs for less pay. The City of San José is about a million people. To listen to the people here tonight, the public sector employees, 6600 or somewhere around there you'd think that they were the most important people out of a million and I don't think that is the case. The private sector employees work just as hard and receive less compensation and yet we are expected to pay these wages and benefits to public employees. Remember, the federal government has already informed us that Social Security and Medicare will go bankrupt. So we're out of luck. Government needs to save money in good times, to be used in bad times. A 10% reduction is a step in the right direction. But we need fundamental changes to government at all levels. For the path we are on is unsustainable. The government has gotten out of control, as far as the things that they think they need to be involved in. One example is affordable housing. Just because the state gives you money for this, doesn't mean that we should go for it, because then we have to pay all the related cost of people who cannot afford to live here

and they are the biggest recipients of government programs. In 1978, California passed the law requiring labor union representation in the public sector. 32 years later California has a \$500 billion unfunded pension liability. Responsible California representatives should have already have repealed this law. Labor unions have the opportunity to lower wages and benefits of the city employees. If they fail to do this the tax paying citizens of the city are ready to enact change on their own if necessary. Two-thirds of the budget is --

>> Mayor Reed: Sorry your time is up.

>> Okay thank you very much.

>> Mayor Reed: John Max Reger, Paul Pringe, Pascal Robenow.

>> Good evening, honorable mayor, members of the council. My name is John Max Reger. I've been with the city 18 years. I'm an environmental inspector for the environmental services department. I first off want to say I support my brothers and sisters in ABMEI and our other bargaining units. Also say please continue negotiations with ABMEI. They have come forth with some creative solutions and you should listen to them. Don't get trapped into only one particular solution. There's many ways to solve a problem. Be open minded please. Three, third portion, excuse me, third point, communicate honestly effectively and openly. And fourth, I'd say, it's not in the best interests of the City of San José to impose this contract on ABMEI. Someone earlier mentioned about a long term view. That is really a great concern we have. And if you do things on short term basis you may solve the problem for one year but the law of unintended consequences can be far more grievous. If we're to solve this budget, let's get everyone involved. The citizens, the employees, you take \$116 million you divide by a million residents and employees, that's \$116 a year, that's \$10 a month. Maybe some folks can't afford that because they're on restricted incomes. \$20 a month. I'll give you \$20 a month to balance the budget. If you balance it on the backs of employees that's over \$17,000 per employee. I can't afford it, many of my peers can't afford it. I don't know how many employees in the city can afford \$17,000 to pay off this deficit. We can solve this budget shortfall if we work together. I'd like to take us back a bit to when you initially proposed a third enhancement in revenues. A third in savings from process optimization in the city how can we do business better.

>> Mayor Reed: Sorry your time is up.

>> Thank you. [applause]

>> Mayor Reed: Paul Pringe, Pascal Robenow, Gary Roberts.

>> Hello. My name is Paul Pringe. I'm a resident of San José an active community member and employee of the city. In my time with the city I've been involved in the hiring of multiple individuals. What I'm here to express though is my deep concern about the impact of this process and these reductions on our ability to hire and keep quality staff. This City's able to run with the limited number of employees we have because we hire good people to work here. And I have the pleasure of working with them. To keep those people we have to compensate them adequately so they can afford to live in this city. And that is what's being taken away from us with these reductions. Thank you. [applause]

>> Mayor Reed: Pascal Robenow, followed by Gary Roberts and Chuck Torrido.

>> Good evening. I wasn't initially going to speak. I just came here to stand in solidarity with the building inspectors, but I felt a need to speak. I have a big mouth. Mr. Mayor, council, I do respect the 10% cut you're placing on yourself. It does show leadership. I must point out though a couple of things. You made a reference, when you were introducing this item, that if the city employees hadn't had pay raises after 2007, a lot of this problem wouldn't be here. We didn't know any more than anyone else did what the economic future would bring. You know, you're reacting as best you think you can to this situation, and we're reacting in response. A big issue here is leadership, and part of leadership is trust. I don't know the specifics of what's going on if the building inspectors negotiating group but considering what I recall from the LE 3 situation, we were pressed to have new employees not get their step increases. That's not sharing the pain. That's dividing and conquering. Whether it may have been thought in those terms at the time, that's the effect. Directing employee relations to go to negotiating table without really having the power to negotiate is essentially sending people, okay, if they

unconditionally surrender sure, take it. If they propose something, bring it back and maybe there will be a response. There is not trust in the current union by union negotiating process, madam City Manager, leadership, you know, it relies on trust.

>> Mayor Reed: Sorry your time is up.

>> All right, thank you.

>> Mayor Reed: Gary Roberts, followed by Chuck Torito and John wolfram.

>> Good evening, Gary Roberts here. I'd like to thank you for your consideration of a pay cut. I'd like to suggest to you that as a city employee I find it hard for myself and other workers to take a pay cut. I don't make the average 121 K as talked about earlier. I only make on the average probably 80K with benefits. Last year, my union, OE3 was willing to take a 3.5% pay cut that you offered and hold our medical in line. Instead what did we get? We didn't get 3.5% and our medical went up. Why? Because you imposed. I want to make a suggestion here and this is probably among many suggestions you've had. I am willing to take 10% of my pay and put it into my retirement. That would give you a 10% ongoing savings that you're looking for. The other think I want is I want you to come to the table every single year and negotiate and not dictate. You thank you. [applause]

>> Mayor Reed: Chuck Torito. John wolfram, Ben Field.

>> Mayor and city council, I'm a member of ABMEI. I want to tell you that we stepped up to the plate last year and we did take a 10% cut in pay and it did affect all of us. I'm here to tell you, I welcome you to the 10% cut, thank you.

>> Mayor Reed: John Wolfram, Ben Field, Claudia Shope.

>> Mr. Mayor, council, my name is John wolfram, senior engineer with the building division. I came to the city 21 years ago from 14 years of private sector consulting engineering experience, including two years with my own business. Taking employment here was just a trial not sure if leaving design and construction regulation was going to be my thing. I primarily went what kept me on the job was I was allowed to serve as many customers and I was wanting to help them do business. Then I could do as a private consultant. The other aspect of the job that surprised me, was the quality and integrity of the inspection staff. I had previously spent two years on job sites dealing with developer, trademen, superintendents, foremen. But never had I seen such professionalism in the construction trades. These group of men and women are an incredible bargain comparing what they offer to the development community in relation to what they receive in compensation. The training they receive the work ethic the knowledge in their skill and resolving problems with installations that stray from specific requirements of the city, construction documentation, it's incredible and seemingly unappreciate by the council mayor and city council. I think if you observed their daily activities and heavy workload you would feel different about the seemingly adversarial approach to these recent negotiations. They have offered furloughs and other concessions in good faith, but as you proceed to sign off on even further reductions you will further reduce the already low morale in our department, but more selfishly for me, I know that the retirements will accelerate, quality people will cease to apply here, and I will lose them, and who you must know I have always been -- have always been critical collaborators, impacting my ability as an engineer to accurately and reasonably apply the ordinances related to building construction. I have a college degree in architectural engineering and I have 14 years of construction design experience, eight years plan check, and all that. But if I want to know how to build competently and understand the nuts and bolts of how to proceed, I would come first to them, and the industry knows that. You get what you pay for.

>> Mayor Reed: Your time is up. Ben field, Claudia Shope.

>> Mr. Mayor, my name is Ben Field. I work for the South Bay Labor Council. Your decision tonight to impose or not to impose on ABMEI will send a powerful message to all of the City's workers. You may be tempted to conclude that by imposing you will cause the City's unions to knuckle under and agree to concessions even if they are not protected by contracts, even if they are not protected by binding arbitration. But it is simply unrealistic to expect that city unions will reward bad treatment by the city, with concessions. If there is an imposition, you will

foreclose opportunities to reduce the budget shortfall. The result will be exactly what you seek to avoid, more service cuts. You may be tempted to believe that these service cuts can be blamed on the city unions but that won't be true. If you have not taken every reasonable opportunity to find creative budget solutions including working collaboratively with unions like ABMEI, responsibility for cuts to essential services will be yours. The contract with ABMEI runs out at the end of June. There are two months. Why not send your negotiators back to the bargaining table to achieve a contract. Thank you.

>> Mayor Reed: Claudia Shope, followed by Tina Morrill and Cindy Chavez.

>> Hello my name is Claudia Shope and I'm a resident in District 3, Sam Liccardo's area and I am a community activist and neighborhood activist. Please, do not impose a contract on our wonderful city workers. I have confidence that you can do something creative, rather than deceptive to them. I have heard creative solutions from both the community and your workers. They have a lot of good ideas. We should be supporting our city workers. I have been able to work with them in them helping our neighborhoods and our communities. I have seen the great work that they do. So please support them and don't fight them. Work with them and not against them. We should be supporting our workers they're work for us. [applause]

>> Mayor Reed: Tina Morrill, I don't see Tina Cindy Chavez, Patricia Ramos and Alofa Talivaa.

>> Good evening, thank you, mayor and council for the opportunity to address you. I have the honor tonight of representing the men and women, the working men and women of the City of San José. ABMEI is not a union affiliated with the South Bay labor council. We are here because we believe that by continuing to work together, we can come to solutions. And ABMEI is a great example of a union that came, they opened their wallets, they sat at the table, they looked at new kinds of solutions. They really stepped up. And the reward for them stepping up is to impose a contract which is one of the worst things that you can do if you think about it to another human being is tell them the terms and conditions of their work. Tell them, demand it of them. Now, I know there are a lot of frightened people in our community. I understand that. The city you hear people in the community concerned about what we're going to do to the unions and what we're going to do to management in fact I had a conversation with one of you who said look I don't want to scapegoat anymore. But it was the old council who screwed it up. Let's be clear, there are plenty of places to blame. But here is the opportunity you have tonight. The opportunity you have tonight is San José very unique. It is to not impose, it is to send people back at the table and remember last year the community came up with \$11 million. We're not coming to you with a pipe dream we are coming to you with options. Please do not impose this contract. Support the working men and women of your community and support the services that the community we live in so richly deserve. Thank you.

>> Mayor Reed: Tina Morrill. [applause]

>> Mayor Reed: Followed by Patricia ramos and Alofa Talivaa.

>> Hi, good evening, mayor and city council. Thank you for the two minutes by the way. I was at the mid March meeting when I heard all y'all voice hope about collaboration and creativity and what would happen during negotiations. And now I am really, really concerned about this looming deadline that's in front of you. And so I wanted to come here tonight and tell you that I urge you and I will support you in voting yes if you need to indeed save city jobs and city services. I realize neighborhood services are going to take a hit I get that but I don't want to see this extreme polarization that I start to see. I see neighborhoods pointing fingers at unions, I see unions pointing back to neighborhoods. I see one neighborhood saying save my this and another neighborhood saying oh no save my that. One group shouldn't be more important than another group. It's got to stop. I think you guys can help it stop. We have to share the pain I get that. I'm very active in my community you guys know. I'm worried though that if you vote against items there's going to be a deeper wedge driven and I'm really really worried about that. I feel if you vote in favor imposing you're going to be taking a holistic approach to unfortunate problem. It has to be solved in a little over a month so that's what I'm worried about. I thank you for your time.

>> Mayor Reed: Patricia ramos. Alofa Talivaa, go ahead Alofa you're closest.

>> Good evening mayor, City Manager and councilmembers. Alofa Talivaa, I'm representing Sierra neighborhood association in district 5. I'm here to speak on behalf of the community, and I heard some of the people already

mention the ideas that's been given. Please, utilize those ideas that has been given you know to you guys, and in those budget meetings that's been done. And in this time you know it's very hard you know for, you know, to lay off people and, you know, keep on negotiating, you know, in good faith. You know, you councilmember, and the mayor, you know, you are decision makers you are our leaders. You know there's an authority and a power to control spending. Find out where the spending is coming from and do some about it. It might be the consultants, eliminate it those consultants are very costly. It costs us so much money. Try to eliminate that. And with the libraries, that's going to be reduced more hours, you know, where are the kids going to go? We're supposed to empower them. You know giving them the tools and I see this in the library where they go and study and learn. And with the elderly, you know they pay their dues already. Please do not close you know the community centers. This is where they go and enjoy and socialize with each other. Please have those open. And also I heard there is going to be only two swimming pools that's going to stay open in summer. Summer is close by. Where are these kids going to go? I can see a long line all the way over there to the other sides of the street. But please you know you guys are decision makers and I'd like to leave you guys with these thoughts. You know power without control it means nothing. Please, control the spending. Thank you. [applause]

>> Mayor Reed: Patricia ramos and then Rosalyn Dean.

>> Honorable Mayor, city council members and City Manager. I've been a city employee, actually I started as a speedy worker in high school, 19 -- late '70s, okay? But I became a city employee in 1980, part-timer, nonbenefitted. I went through that layoff, 1980, talking about tough times in prop 13, we're at the same crossroads again, this journey on this road trip. But we've been able to work together with the working employees of San José from part timers, nonbenefitted to full time employees. And our organized labor. 1980, the '90s, '95, we worked together, that was a key thing. And I've been in those shoes of negotiations where we did have to work with the negotiator from the city side and they come back with nothing. And we walked away. We were here to take care of business and negotiate in good faith and that's all these unions are asking. We don't need to have anything imposed on us. I don't support this 3.4. If we are paying people to negotiate then let's get the job done. You're getting paid to do the job. Do it but work with us because if you're not at the table with us, we're not working together and we're at another crossroad and it's up to the leadership of the city council and the mayor and everybody here to work together to come to some solutions but not to impose it on people. It doesn't work that way. We don't need that one way trip. We need to work together. We're a team. And I've had a 29.5 year, almost 30 years career with the city. But there's other people behind me. But it's the community that's going to be impacted. We need to work smarter. We cannot have a government that's a pyramid that's upside down, all top heavy and you have no working people in the field. Taking care of your streets, your parks and your neighborhoods. [applause]

>> Especially in your strong neighborhoods. We can't have it all top heavy. It's after the work.

>> Mayor Reed: Sorry your time is up. Rosalyn Dean. That's the last card I have. If I called your name earlier and you didn't come down now is the time.

>> I'm Rosalyn Dean. I have been honored to be served by the city employees very well, I would like that to continue. I'd like to repeat one of the comments that a person speaking earlier made, when he spoke about that we are victims of a global economy, and we are. And we're also victims of a poorly regulated Wall Street. And now you want to turn around and victimize the city employees and the community even more. I would like to suggest that you please look seriously at finding ways to cooperate with city employees and to look very seriously at the city budget for nonsalary expenses. There are more ways to find to cut expenses. Please do your part. [applause]

>> Mayor Reed: That concludes the public testimony on these three items. We're going to bring it back now for council discussion on items one at a time. We will get a motion on the floor then we'll vote or we'll debate that item, take a vote and then we'll move on to the next item. The first item we'll take up is 3.4. That's the subject is the mayor city council and city council appointee compensation and benefits. I have a memorandum that I published dated April 15th recommending we adopt a resolution approving compensation and benefit changes with a goal of achieving a 10% ongoing total compensation reduction for the mayor city council city council appointees excluding the newly hired independent police auditor. As I said earlier we're trying to lead by example and this is a way that we can do that because these are very difficult decisions that everybody has to make and

we're asking for a lot of sacrifices from our employees and that's why I've made the recommendation that we at the top. With that I'll open it up for discussion. Vice Mayor Chirco.

>> Councilmember Chirco: Yes, I'd like to put a motion on the floor for discussion. I'd like to move the mayor's memo which is requesting that the city council and council appointees with the exception of the independent police auditor take a 10% reduction. I know last year the council also took a 3.75% reduction. You know, the goal of the council is not to ask more than we will be willing to give ourself. So I would like to move the mayor's motion. Thank you.

>> Second.

>> Mayor Reed: We have a motion on the floor for 10% reduction. Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. I think this is the right thing for the council to do. Councilmember Liccardo and I have both already submitted a memorandum to reduce our pay. And as the vice mayor mentioned we did it last year at 3.75. And I had done mine up to 7% because I feel it is the right thing to do given the situation that we have in our budget deficit. I have a lot more comments in other areas. Once we get to the next item. But I just want to urge my colleagues to join Sam and I in approving this.

>> Mayor Reed: I would like to note that this is the direction, ultimately the council's salary is put forth in an ordinance. That would have to come back to the council for final approval because that's the way our charter sets it up. It's done by ordinance. Further discussion on this motion? Councilmember Pyle.

>> Councilmember Pyle: Thank you very much. And I believe, mayor, that you did say that it would be best to let each individual figure out what that 10% would be. For their particular --

>> Mayor Reed: Well as it turns out not all councilmembers are alike. And the appointees are all different, that's why it needs to come back in an ordinance form. Let staff work on how to start implementing our 10% that's why I am not trying to spell out exactly how it gets done because it does get complicated trying to deal with everybody the same, but the direction is 10%.

>> Councilmember Pyle: Exactly.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. You know I'm more than happy to vote for this. I've never chosen employment based upon whatever compensation I've gotten. I understand, you know, the setting the example and so on, you know, can be of value. However, it's also important to note that we all don't come to this job from the same place. And I don't have -- it is just as much folks I've seen it in e-mails and so on there's assumptions how we live our life and lavish, have a lavish lifestyle and what have you. I don't come to this job having any other ways of making income. I don't make any other income. And unlike folks, other folks, that I serve with, they have someone that they're a partner with, they have dual income they've already served an entire career or they get pension or other sources of money, they get disability, they may work another job and get up to over a six figure income. There are folks maybe from wealthy families. I'm not any of those things. And I mention all that because I think it is important to set an example. And I'm willing to make that sacrifice. But I know that a friend of mine that spoke Desiree Gezze had mentioned it's very powerful and I really appreciate her comments on what impact the cuts have on her and her family. And I do want you to know that the cuts have an impact on us and I have no problem making that sacrifice. And I don't think that it necessarily translates into anything more than us giving a symbol of what we're going to do. And so you know, I think that as we go on to the other items I just want to lay it out there because people know that it does affect our lifestyle. And I don't know what situation everybody up here is in. And that was a concern of mine last year when we were voting on the item of the pay cut last year. Not knowing, I don't think everybody was at that meeting and there was a concern of mine but you know we don't enter this job in the same place and we're not going to leave it from the same place either. So I'm willing to make that sacrifice today and I'm doing it not so much as setting an example but I'm doing it in honor of the employees.

>> Mayor Reed: We have a motion on the floor. All in favor opposed, none opposed that motion is approved. Staff will bring that back in the form of an ordinance at some later date. That takes us to the next item, which is 3.2. Regarding the contract for ABMEI. We will have an additional staff presentation on the details of that matter. City Manager.

>> City Manager Figone: Thank you, Mr. Mayor members of council I'll begin and then turn it over to the staff for more detail. The council on November 5th deregulated me to achieve an ongoing total compensation reductions and personnel cost to help close the shortfall and bring expenditures into alignment with revenues. And I want to emphasize ongoing because many of the comments that you heard tonight do need to be acknowledged, and I would like to acknowledge ABMEI for coming forward last year, proposing a reduced work week for building inspectors, to preserve jobs in the 2009-10 fiscal year. And throughout our negotiations ABMEI has proposed various ideas to save money. These have included extending the reduced work week agreement another year, and temporary pay reductions. And although very much appreciated, these were one time savings, and Alex did talk about the difference between ongoing and one time and thus did not meet the council direction that we had to operate under. Clearly we always prefer to have mutual agreement but unfortunately at this stage we have not reached a mutual agreement with ABMEI and that's why the last best offer is in front of you because it does achieve the council's direction that will help to control personnel costs. It is extremely difficult to ask employees to take a pay reduction or benefit reductions. This is not a reflection of the value of the contributions to our employees, what they make to our community, the services that they provide. It is rather a reflection of the reality of our budget situation and the need to preserve jobs and services to the community. So with that framing I would like to turn it over to Gina Donnelly of the office of employee relations who will walk you through basic facts of where we're at, the path that we've been on, and then we are open to council's direction. Thank you.

>> Good evening, mayor members of the council, Gina Donnelly deputy director employee relations. We wanted to start off first with an overview of ABMEI. ABMEI represents the City's building inspectors. This contract expired December 10th, 2009. We wanted to highlight this because this is actually much earlier than many of the contracts that we have expiring later in June this year. The 5% total compensation reduction for ABMEI is valued at just over \$362,000. And ABMEI represents 50 employees in the classifications of building inspector and building inspector supervisor. This time line depicts the negotiation process that the city and ABMEI have been engaged in. We began on November 2nd. Shortly thereafter, on November 5th, the council direction we received was to achieve a 5% ongoing employee total compensation reduction. Again on December 10th, 2009, that contract did expire. We continued negotiating for a total of 17 meetings. On January 5th we did reach impasse and from January 20th through February 10th we did participate in mediation. On March 8th the city did present the city's last best and final offer to ABMEI for a 5% total compensation reduction. We did want to highlight this date again because that March 8th date was prior to the March 23rd direction from the council to increase that goal from 5% to 10% total compensation reduction. On April 1st ABMEI did notify the city that the last best and final offer was rejected by the membership. There was an e-mail that was circulated around stating that ABMEI had actually agreed to a 5% reduction. We contacted ABMEI to inquire if the statement was in reference to their confidential mediation proposal. We did obtain their authorization to now make their mediation proposal public. That mediation proposal did include some one-time savings of a value of less than 5% total compensation, and with no ongoing savings. This chart represents the top step or maximum pay for each classification represented by ABMEI. We did want to point out that currently all the employees at these classifications are at top step and these members remit only the value of the top step pay base pay that the employees receive. As you'll see in the next chart, the average cost per position for salary and benefits, all the components that actually make up total compensation or the cost to the city for each employee. That average total compensation cost per employee there at the bottom, \$144,811, base pay is just over 70% of that so quite a large portion. The second largest portion is the City's contributions to retirement. At just under 30,000 per year. Which is equivalent to 20% of that total compensation. Of the other 14,000 towards health care, dental and other benefits. This is just a brief summary of the City's last, best and final offer that is delineated in the council memo that you already have before you. This proposal does achieve a 5% ongoing total compensation reduction which is the only reduction that has been requested of ABMEI again because of the increase in the authority came after this last best and final offer. And as the City Manager mentioned this is a group that did agree to a reduced work week for fiscal year 9-10. We did want to highlight this point. The agreement for that reduced work week for fiscal year 9-10 did reduce their base pay by a little over 10%. The pay reduction proposed for 10-11 will take effect coinciding with the termination of that reduced work week agreement at the end of June. So the employees will go back to working

full time again and they will actually experience an increase in their base pay from this fiscal year to the next. And with that, turn it back to the council, thank you.

>> Mayor Reed: Thank you. I'd first like to note that what is in front of us tonight is not a contract. The proposal is to impose terms for continued employment that will govern these -- the set of employees until there is a contract. And so recommendation is oppose the terms, which I support, but there are many other elements of the contract that are not in front of us tonight. And those are and continue to be subject to negotiations, ultimately hopefully to get to a contract. But we need to take the step to impose these terms so that we're prepared to get into the next fiscal year with some compensation savings in order to avoid layoffs. And the total for this unit is very small compared to the total for the city. There's no doubt about that. But it is the first of many contracts that we're negotiating, and attempting to negotiate, and it just happens to be first in line because of its expiration date and the date of our last best final offer. A lot of people tonight commented on all of the other good ideas and creative solutions and suggestions that have come up. Yes, there are many. Many of them were good, many of them were useful and that is how we will close the rest of the gap. Because even if we get 10% concessions from every employee in the city, we still have another \$54 million to close in this next fiscal year. So all of those suggestions, all of those ideas are things that we are taking very seriously. Because if we are successful in getting 10% concessions we still have a huge number to come up with all the other sources and opportunities available to us. So we appreciate those and we are working on those and we will continue to try to close the rest of the gap without additional layoffs by using all of those ideas. I mentioned earlier that if nobody had taken a pay rise since 2007 we wouldn't be having this conversation about layoffs, and so what we're asking is to basically roll back to 2007. If we don't get concessions, that roll back to 2007, we will roll back our workforce to 1989. Because we're going to go from 7400 employees in 2001 to 6600 employees today, to 5600 employees next year. And that's why I'm intent to trying to get concessions because I don't want to lay off those people. I don't want to eliminate those jobs, I don't want to cut the services to the community. And it's a philosophical position that not everybody shares, it's certainly not many of the people who spoke here tonight. But I think that is the fairest most equitable way to share the pain. There is plenty of pain to go around and that's why I'm supporting the recommendation of the manager to move ahead tonight with the first of many contracts that we have to deal with, and hopefully we'll have negotiated contracts in the future, instead of having to consider imposing. But what's in front of us tonight is what's in front of us tonight. Vice Mayor Chirco.

>> Councilmember Chirco: We've done a lot of listening tonight. And so what I want to say is, it is with sadness that I want to move the staff's approval or the staff's memo. If I can get a second I would like to speak to the motion.

>> Mayor Reed: We do have a second so there's a motion on the floor to approve the staff's recommendation. Vice Mayor.

>> Councilmember Chirco: I know that the employees that are out in the audience and those that might be listening may not believe this right now so I want you to think of it, put it away in the back of your mind and pull it out when you can think on it. The council truly believes we have the best, the most dedicated, value-added hardworking employees. This is not something the council does lightly and as the mayor said there is enough pain for everyone. My genuine hope is that we can get the 10% because I'd rather see people take a 10% cut than a 100% cut. The idea of one of our employees being unemployed if there are options, saddens me beyond belief. This is not an easy step. And I know you don't believe this either. But it's very painful to make this motion. And I care, through all of the councilpeople, very deeply for each and every one of you. Because you are the heart, the core, the value. You are the face to this city, to our community. We need you. But we also have to realize, as do each of you, that we have to deal with the harsh realities of the economic situation that has been handed to us. I know Roz spoke to how the -- what has happened to us with the economic situation, what has happened in the global situation. These are realities we have to deal with. So know that you are valuable, and you are valued.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. As we all know, we have a significant deficit, not only this year, but several years in the past, and four years in the five after next fiscal year. We need to take proactive steps that reduce the City's expenses on a permanent basis. We've had a lot of comments from people today, and in

previous discussions, about what can we do with a one time here or a one time there. And all that does is make a business problem next year. Because next year's deficit while not as big as this year's yet, it's very large. And it's going to be very difficult. And there's other large years after that. You know, we heard a couple of times today, not to, quote, balance the budget on the employees' backs. But I don't think that's what we're doing. I think what we're doing is we're stopping a past practice of balancing the budget on the backs of the residents and businesses in San José that have borne the brunt of most if not all of the reductions over the past years. If we look historically in what's happened over the last few years, from the year 2000, I think it's clear to see that we don't have a revenue problem in the City of San José. In fact revenue over that period from 2000 to 2009 is up 42.4%. The problem is, that expenses are up a little over 50%. And of those expenses, if you just look at the payroll section, payroll compensation costs are up 72%. When you compare that to the CPI, the consumer price index, the CPI for that same period was approximately 26% in this area. And a lot of people have said, well, you know we've grown tremendously as a city and that's why our costs keep going up. Well, we have grown and we've reached that 10th largest city status. Our population during that time period only went up 12.5%. What we have is this structural problem where our costs every year exceed our revenue. For the last nine years, and for at least five years going forward. Now, granted, I don't think that it is the fault of the employees that these costs have gone up. Because we know that the components of employee compensation as they were put up on the slide comprise of several factors. In that same time period that I quoted from 2000 to 2009, the -- our costs for the health benefits have gone up 111%. Our contribution to the pretty retirement system, just the City's portion, not including health care, just the contribution for retirement benefit, is up 58.8%. And in the police and fire plan, it's up 82%. And that's on top of the salary increases that have happened during that same time. Now, obviously the health benefits and the retirement contributions have a lot of external factors in them. But really, I believe, I think this is something Sam said a few meetings ago, the blame in these expenses rests squarely on this dais and on the people who occupied it now some and before us. Because it was decisions that were made without a full understanding of what the long term impacts are, with knowing that you can't expect an economy to boom forever, and knowing that economic cycles come and go. But the facts are the facts, and that is that we have a problem. And even with everybody, if everybody in our organization was to follow the lead of the council at 10% or more of total compensation reduction, it would only address 50% of this year's problem. And it wouldn't address much the our future problems. We heard comments about the retirement payments, and there's a few things that were said that are just simply not accurate. Former councilmember Williams mentioned that in the past, the city has taken its share of the retirement contributions and not put them into the retirement funds, but put them in the General Fund, to defer expenses. That is simply not true. The City of San José has always paid its normal costs for retirement and it's made the required payments on the unfunded liabilities, although I will grant you that the unfunded liabilities do change year to year. So there's some years that those payments were less because the unfunded liability was not where it is right now. And the council, whether it's our council here or previous councils, aren't the ones who determine those contribution rates. Those contribution rates are determined by the independent boards that do have employee representation on those that dictate to the retirement system what we have to pay. That's how retirement systems are designed and that's how they operate. So I just want to make sure everyone understands that that comment is not true, we have never taken our contribution rates to offset the deficit, nor will we ever in the future. It's simply not something that has been done, and quite frankly, it is not even a legal action for the council to take. The -- there was another comment on the retirement which I lost in my notes here, so I'll come back to it if I figure it out. But we really need to keep in mind this long term problem. Because if our overall expense had only risen by CPI over the period 2000 to 2009, we would have 137.7 million available to us with the revenues as increasing as they were, available to us to address this issue. If employee compensation cost, total compensation cost only rose by the consumer price index, we would have \$261 million available to not only employ more people throughout the City of San José, but to provide more services to our residents and businesses throughout the city. I heard several people say that we're rushing this and that we haven't negotiated in good faith. And I can tell you clearly that Alex and his group of people have worked directly under the direction of the city council. We have in closed session been very clear and articulate in what authority they had and what directions they could or could not go. And those are directions that were given by at least a majority, oftentimes a supermajority of the council. So to say that they haven't been negotiating in good faith, I believe is flat-out false. There have been -- we have negotiated for a long time, I don't remember the exact number, but I believe it was something like 17 meetings, so there has been negotiation. We heard that the process of a bad faith, quote bad faith bargaining and the implementation of a terms of a contract is demoralizing to the employees. I ask you to go talk to my residents and businesses in district 1. Because they're demoralized, because they see that not only the lucky ones who have been able to keep their job have experienced pay cuts far in excess of 10%, some at 50%, just to keep their jobs. But many, many of them have lost their jobs and have gone from families with two

income earners to one income earner and having that one income earner having their pay reduced by a significant percentage. I've talked to hundreds of people in my district who really feel the burden of having the budget balanced on the backs of the residents and businesses in reduced services. If we do not achieve the employee compensation reductions across the board, and I stress across the board, no employee -- nor no bargaining unit should be exempt from these goals that we have set, we will be slashing city Services of services throughout our city. We will have a city that in my mind, I believe nobody will want to live, because there will be no stunt to get even basic essential services from the City of San José. We will have hundreds of city employees joining the already 13.2% of our population that is unemployed. We need to do this. We need to do this together. We need to do this in our entirety. Every one of the employees in the City of San José. It was mentioned earlier, I already implemented more than this on my staff, in my office, because it's what we have to do. We have to do this. We don't have an option. If we don't do this, I believe we will take the first turn in what will ultimately be a downward spiral that this city will not recover from. Keep in mind that we have many years of deficits in front of us. In fact, many of us will serve two full terms as councilmembers and never see one year that has black ink in our proposed budget. So I urge my colleagues to do what's right for our residents. To ensure that we maintain services albeit only 50% of the services because we still have the other 50% to deal with, and to do the right thing by all our employees, by keeping as many of our employees employed as we can, as we move through this budget process. Thank you.

>> Mayor Reed: Councilmember Nguyen.

>> Councilmember Nguyen: Thank you, Mayor Reed. First I wanted to thank Alex Gurza and his team for representing the city at the negotiating table and really working hard on behalf of the city. I also wanted to thank all the speakers who came here tonight to speak. I just want to let you know that I truly value your tireless service with the City of San José and obviously, this year is definitely one of the darkest moments in our history with the largest budget deficit to date. We're not going to shine any light on our city by asking or imposing these terms on one of our smallest unions here with the city. As a matter of fact, I think what we're doing is telling them that we have failed you and I don't think that's the right message to send to our employees. Now, there is certainly disagreements to the terms presented in the City's last best and final offer to ABMEI. But I think that now more so than ever we need to move in a collaborative effort in a fair manner in order to resolve these disagreements. The adoption of this last, best, and final offer would mean that the city is imposing these conditions on ABMEI without at least an attempt to come to a compromise. In imposition, ABMEI would be a big step in the wrong direction. The cost to the city would far outweigh the benefits. It would sour relationships with city employees at a time when we should be working collaboratively to solve our budget problems and save essential city services.

Other cities that face budget problems have shown that working collaboratively with city workers is the better path, and several speakers mentioned San Francisco, which is facing an estimated \$483 billion budget gap, far greater than what San José is facing. And just last week they announced an agreement with city unions to save \$100 million per year for two years, that's equal to \$2 million, and save these essential services for the city and county of San Francisco. Some of the various components include 12 unpaid days off per year over the next two years, including selective closing of nonessential city services between Christmas and New Year's day, a \$30 million reduction in contracting out of city services, improvements in city's procurement procedures and a minimum of two weeks' notice before any layoffs. I'm not sure if these are the types of elements that fit into our negotiations. But at least it gives us options and alternatives. And I do have knowledge that balancing this budget would not be an easy task. We all know that. But we need to make decisions that would be tougher than any in the pass. We will have to look at more alternative and more creative than we have been doing before. Some of the examples and I've heard of some of it, pension obligations, bonds, renegotiation with vendors contracts and the use of the C&C. Is need neither a good choice nor an effective alternative. So having said that I would like to offer a substitute motion. And that is to direct the City Manager to resume good faith negotiations with ABMEI, with the objective of expeditiously achieving a contract that takes effect on June 27, 2010, the parameters for negotiation shall be, one, to accomplish the objective of reducing total ongoing employee compensation for 5%; two, to include in realtime proposals ABMEI has already put forward, and three, to achieve resolution in a manner that encourages other bargaining units to also adopt strategies that helped resolve the city's budget shortfall and direct the City Manager to report to the City Council in closed session on the progress of these negotiations on a weekly basis. That would be the substitute motion. Thank you.

>> Mayor Reed: We have a second from Councilmember Campos. So we have a substitute motion on the floor.

>> Councilmember Nguyen: If I can just finish my thoughts Mayor Reed.

>> Mayor Reed: Councilmember Nguyen.

>> Councilmember Nguyen: We are at a very, very important intersection in our efforts to resolve the City's budget problems. If we make a wrong turn here we will send us down a path with few if any opportunities to work collaboratively with employees to save city services. Let's not tell our employees that we don't value their work. Let's tell them we value their work, we value their ideas, we value their class actions. Let's go back to the table and negotiate again. Keeping toe is progress working together is success and I think we want to be successful at the end of the day. So I hope my colleagues will be considerate and support the substitute motion. Thank you. [applause]

>> Mayor Reed: .

>> Mayor Reed: I'm not going to support the substitute motion. Rebooting the process and starting over just means that we'll be well into the next fiscal year before we're back again having a conversation about this particular bargaining unit and we need to make the decisions in time to affect next fiscal year. 17 negotiating sessions, how many mediations, Gina?

>> Three separate meetings.

>> Mayor Reed: 17 negotiations session and three mediation sessions and now at the last minute we decide that we need to negotiate some more. To start over. Which starts the whole process over again. That is the wrong turn to take. That is the mistake to make. So I'm not going to support the motion. We've been at this since November 2nd and we have to move ahead. July 1st is coming. That's one date that is not going to move. We have to have this work done in order to get it in the budget. And so I'm not going to support the substitute motion. Councilmember Pyle.

>> Councilmember Pyle: Mayor I can wait until the substitute motion has been heard.

>> Mayor Reed: Okay. Councilmember Constant.

>> Councilmember Constant: This substitute motion I think does exactly the opposite of what Councilmember Nguyen claims it will do. She says we need a collaborative process. We have had ample opportunity for collaboration. In fact, the negotiation process is intended to be a collaborative process but it has led us nowhere. We said, she said that we need to be more collaborative, so that we can show the employees we need to value their work. We need to impose this contract, so we can show the residents we value the taxes they pay and we're willing and able to provide the services that they deserve. We heard that we would be sending the wrong message by imposing this contract and encourage others, it would be encouraging others not to negotiate or be collaborative. I think we send exactly the other signal, and that is, there is no need to negotiate. There is no need to collaborate, because you can just come to council, and the council will say, go play with it again for another six months. We have a finite time, June 22nd is our last council meeting of the year and we have to make a decision to balance our budget to preserve services and to preserve jobs. As the Vice Mayor said I would much rather have all of my employees working at 90% of their salary or even 80% of their salary than having a small percentage of our employees have 0% of their salary. You know, I didn't interrupt any of you when you were talking. I sat here quietly and I listened to it even though I didn't agree with you and I would appreciate the same respect while I'm talking. Because I represent 100,000 people in my district who are just as mad, if not more mad, than you are. So please, show some respect, and let us do the job that we are elected to do. We need to ensure that we take proactive steps to solve this budget deficit. If we implement this -- these terms which I believe we should, there is nothing that prevents the leadership of ABMEI from starting to meet with our office of employee relations tomorrow to start working on terms of a contract that will achieve the overall goals that the city council has late out, and to try and achieve some of the goals that the employees want. This does -- this is not the end of a process. It actually provides a new beginning, to start negotiating another contract, and you could start that at midnight tonight if you'd like. Alex doesn't mind staying up another all-night, do you? But it is something that we need to do. I implore my colleagues to not support this substitute motion. By doing so I believe we shirk our responsibilities as elected officials and we compound our problems in dealing with this budget deficit.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. We're certainly enduring an economic Hurricane Katrina and I think we all know as we see it in our neighborhoods and communities. A lot of loss homes and lost hopes. It becomes incredibly difficult to give when we're all suffering so much. But as with Katrina, quite often the worst suffering happens well after the storm has passed. And I think here at the city as we understand our fiscal situation it is important for us to grasp that concept fully. Because I know that a lot of folks are earnestly and sincerely coming forward and saying, we're willing to do what was done in San Francisco to offer all sorts of furloughs and other kinds of one-time concessions. The reality is, though, that this, the suffering, certainly, if we consider the likelihood of ongoing layoffs and cuts to services here at that time city, this is going to continue for many, many years. I guess what I want to first do is understand the little, maybe have some inquiry in terms of what exactly has happened in San Francisco because a lot of folks have brought it up. And Alex I was hoping you could give us some insight as to what concessions were made or agreed to in San Francisco.

>> Alex Gurza: It was an agreement with many bargaining units in San Francisco. We can obviously come back to you in more detail but from the employee concession side the main component is in furloughs, it is in unpaid days off. For example as was mentioned earlier closing during the you know some of the holiday time, again, that is an option for the second 5% because they are one time savings. I think what's important is for this bargaining unit, the building inspectors, the direction was only for 5%, not for 10%, and the council direction has been very clear since November, that the first 5% had to be ongoing. So although some of the concepts in San Francisco could work for the second 5 as one-time, they do not qualify, at least in our view, as ongoing savings from the furloughs. And again furloughs need to be done carefully depending on which bargaining group you're applying it to because in certain situations if you applied it to people you may actually create costs as the state has seen when you have to fill people's absence by overtime and things like that. So they can work if structured carefully but again only as part of one time savings that really we are not seeking from the building inspectors. It's really an ongoing savings.

>> Councilmember Liccardo: Alex as you mentioned furloughs are not what you that is the staff considered to be the kinds of ongoing savings we need. As I understand it, in fact the council said as much when we required a 5% ongoing savings from all bargaining units, and in fact, an additional 5% of flexible, one time or ongoing savings from other bargaining units is that correct?

>> Alex Gurza: That's correct. When the council set the goal of 5% ongoing from our authority perspective it really precluded one time savings being part of that five.

>> Councilmember Liccardo: And we made that decision unanimously I understand it several months ago.

>> Alex Gurza: Back in November yes.

>> Councilmember Liccardo: Councilmember Nguyen was nice enough to hand me a summary of the agreement in San Francisco, and in very summary form one of the key elements is 12 unpaid employee furlough days over the next two years. So I just wanted to explore this briefly. Based on the projections you've seen for the deficits going forward in our budget does two years worth of furlough savings does that enable us to avoid deficits in years two three four five?

>> Alex Gurza: No in my estimation no.

>> Councilmember Liccardo: In fact we've been seeing deficits projections out five years is that right?

>> Alex Gurza: I believe, check the five year forecast but yes.

>> Councilmember Liccardo: That's primarily driven by the increasing rate of growth, actually it's not an increasing rate of growth, but the rate of growth of particular retirement cost, but essentially employee costs, doesn't mean that employees get more money in their pocket, it just means healthcare going up, and particularly

pension payments to pay for unfunded liabilities and retiree health care payments to pay for unfunded liabilities. All those costs are increasing annually by enormous amounts, is that correct?

>> Alex Gurza: Yes, Councilmember Liccardo, this increase the city is facing in Transportation and Environment increases in contribution rates.

>> Councilmember Liccardo: Right, so I guess where I'm going with this is those kinds -- facing those kinds of mounting growths in cost is something of a creativity killer when we talk about looking for creative solutions, that is, it means we really need to be looking for ongoing savings; is that fair?

>> Alex Gurza: Yes.

>> Councilmember Liccardo: Okay, I guess where I'm going with all this is, I'm really, I'm very grateful last year that ABMEI came forward and offered concessions in fact my recollection is they are the only bargaining unit with the reduction of actual income. That's an extraordinary step, for a bargaining unit to come forward and say we want to save the jobs of our peers, our colleagues that we work -- the people we work with. The reality is, because of those concessions that were made last year, I know that I think Gina spoke a little bit about an increase in base pay, and I know there was a lot of snickering out in the audience when this was discussed. And Gina, I was hoping you could explain it, because I'm not sure everybody exactly understood where the numbers were going.

>> So the base pay for a full time building inspector for 9-10 was if they had worked full time would have been just over \$100,000. Because of the reduced work week agreement which had the building inspectors reduce their hours by 10%, along with continuing to make retirement contribution on those unpaid hours it actually reduced their base pay to \$89,459 for 9-10 fiscal year. So as we apply the 4.65 pay reduction, that is to the 9-10 full time rate of pay, so because the reduced work week agreement will end the employees will go back to being full time and if we kept everything status quo, their pay would go back to 100 thousand, 443 thousand. So the reduction actually from fiscal year 9-10 to 10-11 results in a net increase for the employee's take home.

>> Councilmember Liccardo: So if there are no concessions no imposition, the pay is \$100,000, if not counting benefits. And if we impose, it's going to be 95,000, which is still more than they're making last year because obviously they're working more hours.

>> That's correct.

>> Councilmember Liccardo: I guess the point of all of this is we're going to face a lot of tough decisions in the next few weeks. The -- many of the folks I represent in my community are single parents working two jobs who make half as much money. And we're eliminating their services, we're eliminating gang prevention programs in their community centers in fact we're shutting community centers based on the current proposals. We're cutting libraries where kids need to be safe after school, we're cutting library hours enormously down to three days. We're closing pools, we're closing those services that serve many of the neediest residents in our community the most and many of them come to me and tell me, they don't think that City Hall gets it much. They don't understand why it is we protect everybody except for the poorest residents in our community. And I'm not blind to the fact that some of the bargaining units that make the most money are protected from imposition because police and fire have binding arbitration. I'm not certainly not blind to the fact that police and fire are responsible -- those bargaining units have the greatest share of the additional pension retiree cost, particularly as the growing. But the reality is that we have to serve everybody in this city, a million people. Our city workers are incredibly valuable to us. But we need to do what's best in the long term best interests of everybody in the city and that's why I believe that the current motion on the floor is not an appropriate one. I think there's one last point I'd just like to make which is on this issue of timing, Alex do you have any sense about what the likelihood is if we go back to the bargaining table, what the likelihood is that we're going to be able to get either concessions or an imposed reduction in time to make this fiscal year year budget?

>> Alex Gurza: Councilmember Liccardo it's hard to say. We've gone through the process that we've declared impasse, we've gone through the impasse procedures and last best and final. Both sides have the obligation to bargain in good faith. It's difficult to say how long that might take. The issue is that we have got to give that

process time. And if it were not to work however we would have to get to the point where either side could declare impasse again. And if that were to happen we might have to then go through the mediation procedure again so it's very hard to put a time frame on it but as indicated earlier we really have very little time left to know. So I think although hard to put a time frame on it we could go through all the processes again if we are not tabled to reach agreement.

>> Councilmember Liccardo: So it's fair to say that if we don't make the decision today and we kick this can down the road the opportunity for saving jocks and services from the savings we get from this particular bargaining unit, I admit this is not an enormous amount of money but significant, that that will slip away from us in all probability?

>> Alex Gurza: It can. Again this is the first bargaining group as Gina indicated that was in this cycle. This contract expired in December. And I think as Gina pointed out, it is not one of the June contract expirations, as one of the speakers mentioned. We have nine of the 11 contracts expiring in June. So we are having to really make sure we have the capacity to continue to negotiate in good faith with the others. If we go back and reset it again with this one, it just -- again, it makes everything a little bit less likely, given all of the different contracts that we're negotiating at the same time.

>> Councilmember Liccardo: Okay, And since you've conducted 17 negotiating meetings -- 17 negotiations and three mediation meetings, have you heard any proposals emerge from ABMEI between that time and today that lead you to believe you can successfully go back and negotiate something that will bring everyone to agreement?

>> Alex Gurza: Per the council direction, I think that ABMEI has been very, very clear. They have come up with solutions. But I think that the letter that they sent to Gina and I believe copied the entire council dated March 29th as to the reasons why they were rejecting it, I think very clear they indicate really that their interest lies in temporary reductions. So, for example, it specific meant they favor solutions, that includes furloughs, versus temporary wage cuts. So again unless their direction has changed significantly to then achieve an ongoing reduction again is not something we have heard or seen any proposal that will achieve the 5% ongoing reduction.

>> Councilmember Liccardo: Thank you, Alex.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you. Can you put the slide up, with the proposal on the table for imposition. I just had a question in regards to the additions, in addition to the 4.65 pay reduction, what is the total amount that's being sought above the 4.65? I don't know if you have an exact number, or can you estimate what those other elements add to the give-back?

>> Alex Gurza: Sure. Again, the way that we achieved the council direction, about the 5% ongoing is we calculate it and it is public, we issued a memo as to what a 5% ongoing reduction for this bargaining unit is and then figure out what the components are. So it can be, for example, all in pay or some in pay and some in health insurance. So when you see the total, the 4.65 is obviously the big -- the reduction in pay is the biggest component of it. The step increases being frozen actually -- don't actually save any money for this particular bargaining unit, because they are all at the top step, as Gina indicated. The major part of the remaining part to get to a 5% total comp is in the health insurance. The 85 to 15 cost sharing is a 5% change. Currently the city pays 90% of the low-price plan. Many employees pay 10. This would go to 85-15. And then there are what we call plan design changes which are the co-pays that you see there. Those, so those first items are really the main part that then get you to an overall 5% total compensation reduction. If you'd like we can give you some exact numbers on the health insurance.

>> Councilmember Kalra: So what, on the sick leave payout adjustment, how much is that, in terms of a concession --

>> Alex Gurza: The sick leave payout change, actually one of the things that has been happening with sick leave payout, as you've read, is our costs for sick leave payout has been escalating relatively dramatically. So in term of

that, I need to give you, to answer that question, tell you that in the fiscal year '07-08, citywide, the city spent approximately \$7 million on sick leave payouts citywide.

>> Councilmember Kalra: In regards to this bargaining unit, though, in terms of the -- 75% and 60% relative to the cap?

>> Alex Gurza: If I could, to give you a little bit of background on why it's difficult to tell you the exact savings in that, I can just tell you in '08-'09, it was \$11.7 million, and this fiscal year we anticipate \$12 million. In other words, we anticipate our sick leave payout cost, even with this reduction, to actually go up. The change from 75 to 60 I think we still will experience an increase. The idea behind the sick leave payout is to try to set to modify that benefit, so to try to control the costs going forward. With a group like this, with 50 employees, it depends on how many people happen to retire in '10-11. And so again there are some years we looked back in the past and there were very few people who retired who qualified. Again, the idea of the sick leave payout change is to really start to control the cost, rather than being able to say that that part is part of the overall 5%.

>> Councilmember Kalra: But if someone were to retire in '10-11, and you indicated that all top steps contribute 5% of how much they're making.

>> Alex Gurza: Yes.

>> Councilmember Kalra: And if they were eligible, to whatever the maximum allowable sick leave payout is, what is that 15%. Can you quantify how much 13% is? And it may be too challenging to do, but I'm wondering --

>> Alex Gurza: Again -- if we take the average employee, again, at the rates here of \$100,000 a year, again they're very large payouts, if you have somebody who has the maximum of 1200 hours or more. So in that example, going from 75 to 60, it would be a sort of less payment of approximately \$8,000.

>> Councilmember Kalra: But that wasn't factored into the pay reduction number?

>> Alex Gurza: No, and the reason is, is because we actually think our costs are going to go up overall in the sick leave payouts.

>> Councilmember Kalra: Citywide, I want to understand that the cost may go up for whatever reason, but in terms of the impact that this contract adjustment would have on an individual employee, if they were to retire in 2010-11, they would be out \$8,000.

>> Alex Gurza: Yes, but I guess the overall answer to your question is a very small component of the overall reduction. The major components that get to the 5% are the others. It's a very small part of it.

>> Councilmember Kalra: And I understand that. It was just the health insurance and pay reduction then it's much more clear in terms of figuring out what the deductions are but you add up all the other potential hits, 8,000, it's 8% on top of the over 5%, if you add the pay reduction with the health insurance and health in lieu, and I just bring that up, because when you add up all these elements at one time, it's quite a significant hit, and as has been mentioned, ABMEI voluntarily, through furloughs, took a 10% pay cut last year. But I just wanted to get some clarity on what -- because that's what we're here to decide, is what to do with this. You know, the main thing, the most important thing for me is to make sure as has been mentioned that the services are not lost and particularly libraries, for me, that's first and foremost in terms of what the nonsworn employees provide but also the other services as well, the community centers and a lot of the service that may not be as noticeable to the average everyday resident but we know that building inspectors and soful other employees provide a viable service. As Councilmember Liccardo indicated he refers to Hurricane Katrina and this being like a hurricane type situation, and I agree. I think we can't simply chalk this up to structural problems and a major problem. We are in the middle of something that is the greatest recession since the great depression. We can see what's happening with our housing department, what the banks have done to our economy by -- for lack of regulation over the past ten years. They were left to regulate themselves essentially is away we've come to find out. And our residents including our employees are stuck in the middle of all that. And it's painful to hear and to see, residents you know pitted against employees an one service plays against the other. I think it was mentioned by a couple of different

people the sentiments. The value of a truck driver versus I think are very hurtful and they don't help improve dialogue at all. As you know we did give direction over the last few months and I've come to realize that I think that we didn't -- we haven't necessarily been helpful to you or to the bargaining units in the direction we've given in terms of allowing as much flexibility as possible. But I don't think it's too late. However, the direction we have given, instead of the direction being seen in the part of a greater strategy, it looks now that it's basically been a singleminded, narrowly focused objective, and we don't really have other plans. Last year -- today is April 27th, I believe. So last year on April 27th, between April 27th and the closing of the budget, we had a lot of progress, we made a lot of progress in working with stakeholders. We made a lot of progress in working with our bargaining units who came forward. There's no doubt about it, we can sit up here and take credit to our community that we saved libraries. But it was MEF and those other employees that came forward that saved the library hours. They were willing to give back to save those hours. [applause]

>> Councilmember Kalra: As has been mentioned, ABMEI, a 10% pay cut is a 10% pay cut, yes, they got some time off, they didn't have to work, but I don't think that necessarily equates in this case with them getting a pay raise, and they're going to have to go back to a full workload. So it certainly looks like they're getting more money. But it has to do with the fact that they're actually going back to full employment, and in that case they're getting a pay cut after a year in which they voluntarily gave 10%. Ultimately, at the end of the day, we have to see how do we get the services to our community. I think that's the most basic question that all of us ask ourselves every day, when we go out in the community, and we face the prospect of libraries being closed and road maintenance falling behind and what have you. And there are different philosophies of how we achieve that, and I think there are some that feel that if we impose on the small union, we're setting a tone that is going to have the others quickly fall into line. There is a reason that's why that is such a fallacious argument. Part of it is what Councilman Liccardo referred to, and that is the fact that police and fire have binding arbitration. We can't force anything on them. We have to work with them at the table in order to get something from them. Same with a couple of our unions including MEF. They have closed contracts. We cannot force anything on them. So 70% of our employees are in a situation where we cannot impose anything. So it's not accurate to say that -- well, I guess in my opinion I don't think it's accurate to say that by imposing our will on this small union, this small bargaining unit with eight weeks to go before we have to finalize a budget, is going to somehow coerce these 70% of our employees that aren't required to come forward, to come forward? And we are playing a really dangerous game of chicken if we think that our strategy's going to be, you have to give 10% or X people are going to be laid off. And to save your friends' jobs, to save their services, you have to take that 10%. Well, what if they don't? It is not their responsibility, it's our responsibility to provide services. And that's my fear, is that what if they don't? And if they don't, we can spend all day and night pointing at employees, saying it's their fault, it's their fault, but we're the ones that have to go out in the community while our libraries close and have to explain to our community why our fire station is closed, and have to explain where we are losing dozens of patrol officers. And so the question then is how do we get to a place where we can potentially get not just the 30% with open contracts, but the 100% that everyone up here has said, on a time and again, that we need everybody to try to contribute, how do we get to that 100%? We don't get there by imposing with two months to go before close of budget on a small union in order to send a message, a message of negativity and a message of aggression. I think that the way we get there is just continue the dialogue to wait, for some of the -- as has been referenced, Councilmember Nguyen mentioned them. I know that we have been in discussions with city management on these other options that have come either from our own ranks or from the outside community, we haven't vetted all of them yet. So we haven't even vetted all the options that are out there. And yet we are being asked now to push forward on one small union before we even know what the possibilities are out there. I think that we are much more likely to have happen what happened last year when our unions did step up, when our bargaining units stepped up to help us close the \$84 million budget deficit gap, and I say help us, because we had to do a lot of different things to do it. It is the same thing this year. But we're closing out the opportunity to get that help from them and to work cooperatively. Yes, it looks dire, because of X number of negotiations. We know, we saw it last year. There were X number of negotiations then, as well. When it comes down to crunch time, the last month or two that's really when everyone is in some ways forced to work together, but they're not going to feel compelled to work with that if we push along with this strategy, which I don't feel is a comprehensive strategy. So I'm going to support the motion because I do think that we do have to recognize that we're in difficult times, and that there's no way that we're going to be able to provide the services that our community and our residents deserve and need without our employees working with us. And we're certainly going to alienate our entire staff of dedicated employees. We're going to alienate our public safety officers, our firefighters. We're going to alienate those that have closed contracts like MEF from coming forward, and we're going to be the ones that are going to be holding the bag at

the end, with one imposed contract on a small union and nothing much else to show for it. And that's what my greatest worry is. I'd much rather work in a peaceful way, in a way that's collaborative. Regardless of what's being thrown our way, regardless of what's being said about any of us, we're the ones that have to lead by example, and the example should be one of compassion, and it should be of being open to the last possible second to find any alternative before we're going to impose our will on anyone. [applause]

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I just -- I was adding up the number of hours or years rather than I've served on various boards. I was on a high school board for four years, a YWCA board for four years, community college board for eight, and five and a half years with -- well, almost five and a half years in this job. Every single one of the years that I've been on this council, it's been cuts, cuts, cuts, cuts. And then the recession hit. There was no resiliency left. Cuts every single year. So our backs are against the wall. We need to get going on getting some of these negotiations completed. While it's true that if somebody holds a gun to your head, you're not going to be as likely to be as willing to negotiate. But I did want to make some clarifications. Is -- according to the memo that I just read, ABMEI informed the city on April 1st, 2010, April Fool's Day, that its membership had rejected the city's last, best and final offer; is that accurate?

>> Alex Gurza: That's correct, and I think it was by 100% of the members in attendance voted not to accept the city's last, best, and final offer.

>> Councilmember Pyle: Now, this imposing our last, best, and final does not mean that negotiations can't be put forward, would that be accurate?

>> Alex Gurza: Absolutely correct, Councilmember Pyle. I think what's very important, and I think it's been stated before, that is the council doesn't have the ability to impose a contract. Council has the ability to impose terms for the fiscal year. But it doesn't extinguish the duty to bargain, and you know, and to get back and naturally to negotiate a contract.

>> Councilmember Pyle: But if we can accept anything that's brought forward by ABMEI, there could be a more peaceful conclusion to this whole thing?

>> Yes, I think I understand your question. So if the council did implement these terms, and then subsequently ABMEI made a proposal either for a contract or to do something different, yes, that would give an opportunity to bring that proposal back to the council at some future time, and it could be soon.

>> Councilmember Pyle: And how would that work? Would you be part of the negotiations that have been brought back, or?

>> Alex Gurza: Well, absolutely. As normal, we would represent the city council in negotiations. So if, for example, if they were to come at a subsequent time and have something they wanted to propose, we would meet with them and then come back and discuss that with you in closed session.

>> Councilmember Pyle: Well, thank you, I appreciate that and I hope that we can continue to make progress in reference to this. Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you. So Alex, you have mentioned and I think it has been stated that ABMEI has stepped up to the plate and has bargained before in good faith, is that correct?

>> Alex Gurza: Absolutely.

>> Councilmember Campos: And it's been stated more than once tonight. And then you made -- you answered Councilmember Liccardo by saying, it's hard to say. It's hard to say that if this motion that's on the table passes,

that they wouldn't be willing to negotiate in good faith and maybe be able to come with a contract that could be brought to the council in a timely manner. So it's hard to say that they wouldn't be willing to cooperate.

>> Alex Gurza: Councilmember Campos, we've never said that ABMEI hasn't negotiated in good faith. They have in the past as we've indicated at the outset. They are a group that they came to us last year with a 10% reduced work week proposal. We didn't even go to them, it was their suggestion. There is no implication that they wouldn't negotiate in good faith. The reason why it's hard for me to say is the bullet point about it that says is to achieve the total ongoing employee compensation. Again, the direction is still, as I read it, the same, ongoing. The reason I say it's hard to say is because they have been very clear through the negotiations and their correspondence that their interest is in one-time savings, not ongoing. So that's why we're indicating it's hard for us to say as to whether or not they would completely change their position and now agree to a 5% ongoing. The only issue what you see before you on the slide is a 5% so then the question becomes, is it packaged differently than this? And we have explored the old options with them during the bargaining. So for example, we have explored what would it take if you did it in an different form? And again, I think why I'm saying it's hard to say is, we weren't able to do that because it was a one-time versus an ongoing. So it's really impossible for us to tell us whether or not their position would change on that topic of one time or --

>> Councilmember Campos: But their position could change. I mean, it could change.

>> Alex Gurza: Yes, absolutely.

>> Councilmember Campos: So I think it's fair to say that it could change, so that's an option.

>> Alex Gurza: Yes, and that's why we don't know, but it could change, yes.

>> Councilmember Campos: I seconded the motion for many reasons. I think that first of all, the speakers, you actually said everything that need to be said. And I think that councilmember Ash Kalra and councilmember Madison Nguyen have stated their argument and their support for the motion very well. I think the one thing that maybe hasn't been added is that I think by supporting this motion I think we send a strong, strong message, not only to this particular class of employees, but all the employees, that the council is willing to come to the table and work with them in partnership to problem-solve and to look at how we can continue to serve the community at the level that they've been served. And I think that if we don't pass this message, I think you're sending a strong message to fire and police that we are not willing to come to the table and solve this deficit in a respectful and collaborative way. And I don't think anything more needs to be said. But I would really hope that my colleagues will support the motion and send a strong, strong message to all of our employees and the citizens and the residents of the City of San José that we want to make sure that we preserve all the jobs, all the services, meaning from libraries, from community centers, from public safety, that serving the community is our top priority. So I would encourage my colleagues to support this. I think that we've heard from -- and mayor, I'm thinking there were probably 100 speakers here. And the same message was, please do not impose, you're sending a bad message that will set the tone for the rest of the unions. So I encourage you to support the motion.

>> Mayor Reed: I had one more thing to add that's something that Councilmember Liccardo mentioned and that is I think Councilmember Constant may have as well, is that the staff has worked under council direction. They mentioned 17 negotiating session, three mediation sessions. I believe they have been in closed session seeking council direction no less than six probably closer to a dozen times as recently as this morning. And staff as worked as directed by the city council with full and complete authorization from the city council. So any criticism that anybody wants to level to the staff is probably misplaced, because we give them the authorization. We authorized in a public meeting, in November, that the staff was directed to seek 5% concessions from everybody. We authorized in a public meeting in March that staff was to seek 5% ongoing concessions and another 5% in one-time. And that's what staff has been trying to do under the direction of the council, and constant consultation with the council, about the scope of their authority and the direction that they were going in. And so we're here tonight with a recommendation from the staff which I'm going to support after the substitute motion is voted on. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. Several people came out tonight that I have had the opportunity to work with over the last three years, and I know the quality work they do. They've added a credible amount of

value to my constituents. They've added value to me and my learning experience being on the city council. With that said, some comments tonight, though, however sort of operated in a vacuum of what's really happening in San José. Our residents have endured pay cuts, and 100% pay cuts with layoffs, and many of them now are part of the long-term unemployed in San José. Friends, partners with kids, both unemployed, trying to deal with it, and what life hits them in the face with. But that's everyone's unique situation. And I can say that getting laid off is a terrible event, something that happened to me twice, and frankly, it was extremely depressing. And for those who had more responsibilities than myself, with a family and children, I would imagine it would be incredibly more deflating and sad. On another note, my father, who has had a career union profession, makes \$24,000 a year on his pension with no lifetime medical. I use my father as a barometer on equity and fairness. An immigrant who came to this country with very little and saved and saved and saved. However, the pendulum swung too far in compensation and pensions, in comparison to what we actually brought in, in revenue. Love to pay it, but if I don't have it, I have a deficit, I have a shortcoming. I was recently told by a city employee that they wish their union would negotiate, since they want to keep their job. But you know, when you don't have an ability and in this type organization to bargain for yourself and say, I'll take the pay cut, keep me, because we have a system that has union representation. I've heard a lot about pointing fingers, and I've said many times that I believe negotiation should be public, so we can end the finger-pointing. How many times do we need to go through the he said, she said discussions, statements, or the playground type of discussion? We waste an incredible amount of time and energy going through the negotiation process in the current fashion. I really believe that public meetings would be more productive and open for all sides so we wouldn't have to have this battle every so many months where we all come down and have our speeches on this side and your side. I really think that would just sort of end it all, because at the end, there's only so much money in the wallet, and I think you should be paid fairly, but to what I can afford. Many speakers made comments about large public projects like the City Hall, and new airport, new libraries, and fire stations. Well, those large construction projects created many jobs for union construction workers and were advocated by the larger union. Maybe not you, as an employee, but the larger union wanted that. Being represented by a union also means that city employees get pulled into issues you may not favor as an employee, since it's a big tent. Let me give you a for example. Larger unions advocate for policies that hurt city revenues and our ability to pay and provide you wages and benefits. So if the larger union movement wants to advocate for a lot of affordable housing that doesn't pay property tax, I don't -- that's my largest source of revenue to pay you. If they're also advocating converting land from industrial to commercial to build more housing, that hurts my tax base, again, less resources to pay you. If the larger union movement wanted to build out Coyote Valley and add 70,000 units more housing to add to the housing-jobs imbalance and add to the continued drain in city services, that would hurt. Again, the larger movement advocated taking the \$11 million in tobacco settlements money, which we now call HNVF, and instead of putting it in the General Fund to pay for city services, \$11 million, instead, we give it to, albeit, great organizations, charities and nonprofits. They're not in my city charter like your jobs are. So you make it tough on me to want to help you, at the same time you advocate for policies that ruin my wallet. So I just want that to be understood when we talk, because in trying to be consistent with you, it's really difficult by pushing policies that don't necessarily help you. I do respect your right to free speech and your right to advocate your point of view. However, I've had immense feedback from my residents, and they want to see an inch. The time line presented of 20 meetings over six months have resulted in no agreement, of 100% of the membership voting against the last and best final offer, and that's your very right in this country, to do that. So many of my residents have a simple message. If we cannot come to a mutual agreement, then they've said the things that I don't think you want to hear, but they've said then just do layoffs. So we're here because of the events that have happened. I think there's a better way to do this, moving forward in the future, and that's with public negotiations, and I think we'd be a lot better. But I will not be supporting the substitute motion.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. I also wanted to thank Alex and the bargaining team and all those people that came out and talked to us tonight. I think everybody here wants to have a balanced budget by the end of June. And you know we all wanted to have some concession, 5%, 10%, or whatever from our employee unit. And the question to me is, what kind of message should we send to the rest of the union, we heard two arguing side of two different messages. I would be willing to hedge my bet on the smaller unit, ABMEI, I understand there's only 50 employees there, to see if we can send a strong message to the rest of the bargaining units that we really wanted to work with them and hopefully be able to open up some more productive dialogue. So I'll be supporting the substitute motion.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: I just wanted to disclose that my chief of staff and I spoke to Ben Fields.

>> Mayor Reed: Thank you. We have a motion on the floor. The substitute motion made by Councilmember Nguyen is the motion on the floor. If that motion fails, then we'll come back to the main motion that's on the floor. On the substitute motion, all in favor? Opposed? Opposition, Constant, Oliverio, Reed, Chirco, Pyle, Liccardo, and Herrera. So that motion fails on a four-seven vote. Taking us back to the motion made sometime ago now by Vice Mayor Chirco to approve the staff's recommendation. On that motion? All in favor, opposed, in opposition Chu, Kalra, Campos, and Nguyen. So that motion is approved on a seven-four vote. That concludes item 3.2. Now we need to move to item 3.3, and that is compensation and benefit changes for executive management and professional employees in unit 99, other represented employees, and the City Manager. Recommendation from the City Manager, I'll let her take this item.

>> City Manager Figone: Yes, thank you, mayor, members of the council. Before turning it over to Alex, before you is the approval of compensation and benefits change for unrepresented executive management and professional employees known as unit 99.

>> Mayor Reed: I'm sorry, let me just interrupt for a second. Please, everybody, as you're going out, save your conversation because we've still got business to do here. So take it outside, there's plenty of room out there. Just give it a minute. Okay, City Manager.

>> City Manager Figone: Thank you, Mayor. So unit 99 is before you. This is unrepresented executive management and professional employees, and there are two other units within this group, units 81 and 82, again unrepresented. I think it's important to understand the makeup of these groups. Again they are all represented and the majority of them are Your Honor classified and at will and that means they have no civil service rights or job protections as are enjoyed by a great majority of the workforce. The salaries for unit 99 start at \$32,000 and go to \$227,000. They include more than the City's top executives which is also important to remember. Because they are unrepresented, they are not part of a bargaining unit. The City Manager traditionally has brought forward recommendations to the council for all employees in unit 99. And although they are not in a bargaining unit, and the benefit and compensation structure is recommended by the City Manager, we have adopted the practice of seeking input from members of unit 99 to consider informing our recommendations. So as such, I've had regular meetings with a forum of these members which is made up of a group of employees from each city department. Although there is a willingness to share in the sacrifice, unit 99 employees have also expressed the same concerns that have been raised by some of the bargaining units regarding being treated equitably and fairly, and of course I certainly have understood these concerns. The recommendation before you is to proceed with the first 5% reduction on an ongoing basis and to bring forward the second five later once we've decided what that will look like. We want to examine different options that we've heard from the group. We've heard it also from some of these ideas from other bargaining units such as furloughs, contributions to the retirement system, that would be increased from the employees. And we would also explore as I mentioned at the beginning of the meeting a sliding scale concept as part of this second 5%. Unlike ABMEI then what we're exploring is a 10% again comprised of 5% in an ongoing way similar to what you have just approved for ABMEI and then the second five to be resolved before the end of the -- this fiscal year. I did think it was important not to wait for unit 99 to show some leadership. And as I did mention about ABMEI it is difficult to ask any of our employees for pay and benefit reductions. Again with this unit as with all of our employees this is not a reflection of any lack of value in their contributions to our residents or to the services that they provide. But again it is a reflection of the reality of our budget situation and the need to preserve jobs and services. So I will have Alex take you through some of the technical information on this unit.

>> Alex Gurza: Again, we'll very briefly just show you some slides. As the City Manager indicated, unit 99 is often misunderstood. Some -- most people think it only contains senior executives and departments -- department directors and deputy directors. It is much broader than that, as the City Manager indicated. It does include mostly people that are at-will employees but again a third of them are classified civil service employees. So it is a broad cross section of key managers in the city. On the slide is the total compensation reduction savings, from a 5% at \$2.35 million, and \$4.7 million from a 10% total comp reduction. This is simply a pie chart that demonstrates where the employees work. Almost 200, or 70% of them, are in departments under the City Manager's authority,

so city departments. There are, however, 55 employees that work in mayor and council offices, council assistants, senior council assistants. Employees in the City Auditor's Office, as you can see there, 13, eight in the City Attorney's Office. There are five city employees that work for the agency that are also -- the redevelopment agency, that are in unit 99. And again, very small numbers, two at the Independent Police Auditor's Office, and one in the City Clerk's Office. The recommended salary and benefit changes, again, this achieves the first 5% in ongoing way. And you will see that it is very similar to the format of the building inspectors' terms. There are slight differences when we look at total comp at what the pay reduction would have to be in order to get to the 5%. So whereas, in ABMEI, you saw a 4.65% reduction, here you see 4.75, and that really, combined with the health insurance changes, get you to the 5%. So again, both of these achieve the 5% in an ongoing way, with then the second 5 to come back later and explore all the options, as the City Manager indicated, how to achieve the second 5%. So with that, we turn it back to the council.

>> Mayor Reed: Vice Mayor Chirco.

>> Councilmember Chirco: Well, once again, I'd like to put a motion on the floor, which is to approve the staff's recommendation. Really, the same comments that I made regarding ABMEI, if I have that right. That it is not reflective of the value of the employees. They are valued and they are valuable. It is truly a reflection of the economic situation that the city has to deal with. So if I could get a second on that.

>> Councilmember Pyle: Second.

>> Mayor Reed: We do have a second on the motion so we have a motion on the floor. Vice Mayor Chirco, were you done? Before we move on?

>> Councilmember Chirco: Yes, uh-huh.

>> Mayor Reed: Thank you. Councilmember Pyle.

>> Councilmember Pyle: Yes, I understand that there's a representative of council staff in the discussion group, discussing how to achieve the additional 5% and benefit savings. A representative, but the group has never included council staff. So I'm hoping that we can include the fact that a representative should be appointed by the mayor. So would you be willing to include that?

>> City Manager Figone: Oh, yes, absolutely.

>> Councilmember Pyle: Is that okay with you, Mr. Mayor?

>> Mayor Reed: That's fine with me, as long as it doesn't have to be me. I don't think I -- I'm not in unit 99, so it definitely won't be me. Councilmember Constant.

>> Councilmember Constant: Thank you, Mr. Mayor. While I appreciate the City Manager's comments, that in dealing with Unit 99 she wanted to be sure they were treated equitably and fairly, I think the council direction of setting the 10% target ensures that we treat all of our employees across all the bargaining units fairly because we set the same target. I have to honestly say I'm disappointed by this memo because I feel it falls short because it only addresses the 5% and doesn't address the second 5% leaving that to be done later. This is not an approach that we are allowing the other unions to take. It puts off that other 5% to June 3rd and it sends the wrong message that give us 5% and we'll try to figure something else out. I don't think that's a prudently step for us to take. The if all units take this same approach we will never get done in time for this budget. We set a 10% target and we have a 5% proposal in front of us with the promise to have another 5%. We know if we don't reach another 10% we won't achieve our goals because we have a huge problem, and 10% only approaches half of that problem. You know? I know that the City Manager mentioned that there's other things that they want to explore further like furloughs. I'm disappointed that this exploration hasn't happened already. We've known this was coming for a long time. As I mentioned earlier, I've already taken the steps in my office to get to the 10%. I chose to do it all in ongoing because I feel that's what we should be doing. But I think that we put this off until the last minute and we're coming up short. And we can look at other options like furloughs. But I just want to again express my concern with the furloughs, in a service organization, is we exist to provide services, and when you

give or consider furloughs from the people who are actually providing the service, it's kind of like a double cut.

The employees get their pay cut, and the residents still get their service cut. It's just -- it's bad on both sides. So I'm not going to support this memo because I feel, as I mentioned, it falls short, it's too little, and in my mind, it's going to be too late.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks, mayor. I have just a quick question about the sliding scale. I appreciate your willingness to entertain a sliding scale on the second 5%. Is there a reason why we wouldn't just do it across the board on the full 10%, particularly given the enormous range we have here to protect the lower wage workers?

>> City Manager Figone: Let me give you some quick thoughts. We really haven't put a whole lot of time into looking at a sliding scale. You know, the civil service pay structure is really a sliding scale, if you think about it. It's hierarchically based. There are classifications within families and series going from entry level through supervisor. You could see this configuration in every bargaining unit, and our direction was to explore sliding scales by bargaining unit. But even if you look at the system holistically, there are proportional relationships between supervisors and middle-level workers and entry-level workers. And so the concern in just jumping into sliding scale without really knowing the consequences of how it then disrupts the system I think is something we have to go into eyes wide open, and still seek to preserve the proportionality. So that's just from a technical perspective, councilmember. I think we need some time with it, and I think there are different perspectives on what sliding scale could look like. I've heard some thoughts about, you know, higher level, higher paid employees take more than lower level. I've heard the idea of maybe just you know kind of cutting it off at the lower end. So I think we need to explore what those options might be and have a full vetting with council before we just initiate.

>> Councilmember Liccardo: I guess -- and I'm mindful of the fact that everybody in your shop and Alex's shop are working overtime in a big way right now. But I'm wondering, would you be adverse to the idea that we actually, when this comes back to council, I think you said on May 3rd; is that right?

>> City Manager Figone: Well, all the bargaining units were given the opportunity to reach agreement in order to be included in the council's adopted budget by June 3rd. So I appreciate Councilmember Constant's perspective, but I've been thinking of unit 99 as having that sort of time also, as we work through with the unit, which is not a represented group, and actually I could just impose. But we've already seen some organize efforts last year out of unit 99 which has now, what has gotten us the bargaining unit of our legal professionals. So quite frankly in trying to work with the forum, I'm trying avoid additional bargaining units forming.

>> Councilmember Liccardo: Understood. And I guess where I'm going is we're coming back on June 3rd 98 to talk about what happens to the second 5%. Would you be adverse to preparing an alternative form in which we come up with a sliding scale for the full ten, in whatever form that may take, with the idea, you know, just a progressive taxation idea, obviously, we want -- we know that 5% hits somebody make 45 grand a lot harder than hits somebody making 200 grand. It would be awfully nice if we could find our way to attack it so that those who pay the least --

>> Alex Gurza: Councilmember Liccardo, we can certainly explore that further and come back. We did ask the members of the unit 99 forum about the sliding scale. And they went back and talked to the unit 99 people, at least in the city departments. And I think although they understood and expressed appreciation for the concept and the spirit behind it, I think because they understand the complex pay relationships, they thought it really problematic that it would cause. Let me give you an example. In a city department, primarily an employee represented for example by one of our mid managing groups, CAMP. Usually, when they promote, they promote up into unit 99. What's very hard is, let's say we did a sliding scale for unit 99, but then in negotiations with CAMP, they had a whole different concept for a sliding scale, or didn't want a sliding scale. I think they see real potential problems there.

>> Councilmember Liccardo: Because the manager could be making less than the person they're managing?

>> Alex Gurza: Correct. Depending if somebody had a -- if, in bargaining, somebody said, okay, we like the sliding scale, but we wanted to cut here and not here. And then with unit 99, you ended up implementing something different. Those are the kinds of complexities when you can't just uniformly apply a sliding scale across all the work force.

>> Councilmember Liccardo: And I appreciate the complexities, though probably not nearly as fully as you do. I mean, to some extent, we make less than the bargaining unit we just imposed on, so believe me, I get it. Where I'm going with this is, I think, in my own personal view, and obviously it's the view of the majority that matters here, I think those complexities are less important to me than the notion that we protect the folks who are making the least from bearing the full brunt. So I would certainly, you know, I would offer this as a friendly amendment. I'm not going to go any further with this if the maker of the motion is not inclined. But I would ask the maker of the motion if we could include a request that an alternative of a full sliding scale be offered as an option when we return on June 3rd, and allow staff to work out what that might look like.

>> Councilmember Chirco: You know, I'm going to deny the friendly motion. I like -- you know, I think I'm most comfortable with the 5% permanent roll back with the 5% flexibility, and then do a sliding scale possibly on that 5%. I think just for consistency, I realize we heard people speak tonight, where talking about the different income levels, I know Alex has talked about unit 99 and kind of the spread, so I think that takes some analysis. But to me it kind of gets back to consistency of policy where this is where we're kind of putting out for our organizations, I just think it's really important to continue with the credibility that we have with all of our employees, no matter where they are that they are treated equally. That's just huge, huge to me. So I would respectfully deny the motion.

>> Councilmember Liccardo: That's fine, thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I thought I was going to get a chance to speak before the last motion was voted on and somehow I missed the opportunity. But I do want to say because we've talked about all three of these, these comments also, relate to the previous decision we just made. It is really with a heavy heart I come here tonight and the great -- and in great reluctance that I supported the previous motion to impose on ABMEI and I also support this motion that's in front of us. Last year I was one of the people that did not impose on OE 3, and I don't think the outcome was really great in the time we gave them because we sent them back to a situation where our -- the folks on our side were not allowed to really negotiate and OE 3 thought they could and so it did not prove to be a good thing. It's only April and we've already imposed on a union but our direction got it to this place, the council direction, we made these decisions. I supported the 5% ongoing. I still support about this. I think because I'm on the police and fire retirement board and I see the tremendous numbers staring me in the face over a billion dollars we're looking at in unfunded liabilities. We just have to make some really tough choices and these are horrible choices. One of the -- I don't think we have time to start over again. That was one of the reasons I voted the way I did. I don't think we could do that. And I'm saddened we couldn't come to a better conclusion sooner. And you I wanted to address the sliding scale because I've brought it up time and again and so has Councilmember Chu and I'm glad to hear that Councilmember Liccardo also shares my concerns about that. I regret that I didn't push it harder in the very beginning. I think I know it's complicated, and I know I've heard -- I was told in the very beginning that it wasn't really San José that would be very workable and I've heard it again tonight. But I just want to point out that the city of Albuquerque does it, the city of Chicago, Miami, and the state of Maryland has found a way to do a sliding scale. And I think one of the things besides consistency and I really appreciate Vice Mayor Chirco's reasoning for not wanting to support it right now because she wants to maintain consistency and that's one of the things I'm struggling with as well I'm just very concerned about equity. When we're asking somebody who makes so little on the bottom end to take the same cut that we're asking somebody who makes over 200,000. The proportionality is not there and so I hope that we can find a way and I appreciate the City Manager offering to look at that on the second half of the 5% to find some equity there and if there's any way throughout this process since we are negotiating until we come to a final decision, if there's any way to add some more equity into this with all of our bargaining units, including the one that just -- I think there's relatively little difference in the pay in the one we just made the decision on, I would like to see that happen. And I'm also hopeful -- or I extend this hope that ABMEI can still come back and we can still see some continued bargaining even though we have set out some parameters where we want to go in terms of the terms for right now. I'm

hopeful that we can come back, that they will come back to the table and do some additional bargaining, and I will be supporting the motion.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: I think I forgot what I was going to say. So --

>> Mayor Reed: I'll come back to you.

>> Councilmember Constant: Maybe it will come back.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. Again I want to thank Councilmember Liccardo for bringing out the sliding scale. When I first proposed it I didn't know how complicated it may go, and I thank Alex for elaborating the difficulty to implement it in different bargaining unit. And I like to throw another idea, we probably can call it a simplified sliding scale or a different turn, it's pretty much to exempt those employees that make \$50,000 or less. And I think that would be easily implemented, and I would like to make a friendly amendment to Vice Mayor Chirco, and this will maintain the consistency, because we set a level, a cutoff level at \$50,000 salary.

>> Mayor Reed: Vice Mayor.

>> Councilmember Chirco: You know, I actually had thought about the sliding scale way back when, when we first talked about it, and I know my chief of staff and I spent a great deal of time discussing it and really came to the conclusion that with the system as we have, it's difficult. If we make it at, say, 50% and somebody makes 54, it gets difficult to defend why does somebody making 50% not have, you know, a 10% reduction, and somebody making 54 does. And then also, as Alex says, then you get into where one person's salary is higher than maybe somebody he or she reports to. And then I also had to think that as difficult as it is, and maybe as unfair as it sounds, somebody who makes 50,000, just these simplified numbers, there's a \$5,000, say it's a 10% reduction. But if somebody makes 180,000, that's an \$18,000 reduction. Granted, there still is the disparity, but the proportional hit is based on the salary. So while I was interested in it myself, and I certainly respect your thinking, Councilman Chu, I would also like to respectfully decline your friendly amendment.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. We've just cut the prior vote, we're looking forward to doing a 10% cut on the City Clerk, and the City Attorney, and the City Auditor, and there -- it does seem strange, I think I'm going on with Councilmember Constant was talking about, you know, if you're going to do it for certain select folks, then it should be done for the others. So I have a difficult time I think right now with 5%, and I'd be inclined to not support this because it's not having that consistency. Unless we want to move it to 10. You know, in my casual -- move it to 10, I know it impacts people. But I don't see how I can cut City Attorney's salary and the Auditor's salary and City Clerk's salary, and then just do 5% on the others. You know, it's a different differential.

>> Mayor Reed: Would the City Manager comment on that?

>> City Manager Figone: Yes. I want to make sure you're clear on my proposal and recommendation. It's just to cement the 5% in its configuration now, and to bring back the other 5 to you by your deadline of June 3rd. So there will be 10%. It is just the configuration of the second 5 is what I'm telling you will be defined when I come back. So Alex -- and then the second thing is, I'm in the appointees 10% also. Because my memo led the mayor's, I was putting myself in the first five, and indicating that the -- it was really up to you how you wanted the second five dealt with. So I'm part of that package.

>> Councilmember Oliverio: Sorry to leave you out there.

>> Alex Gurza: I just wanted to clarify that my understanding of the prior action related to yourselves and to the employees is that it's going to have to come back to you as to how the 10% total compensation is structured. So

it's actually not determined yet as to how that is going to be. In unit 99 we are actually, as the City Manager, again, cementing in the first five and coming back only on the second five as opposed to saying, it's going to be 10 and all of it is undetermined.

>> City Attorney Doyle: If I understand though Alex, the 10% on the council appointees, it's ongoing.

>> Alex Gurza: Yes.

>> City Attorney Doyle: And the proposal from the City Manager is 5% one time and 5% ongoing.

>> Alex Gurza: That is a good clarification. It is 10%, but I think on the second 5, I think that is yet still under discussion.

>> City Manager Figone: Still to be determined based on the council's direction, to try to seek ongoing, but giving us some flexibility.

>> Councilmember Oliverio: Well, Councilmember Constant, does that make any -- no. Okay, thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: There are a couple of specific areas of concern I have, one has to do with adjustment to the sick leave payout for those that are separated from city service but are not retired. And the understanding when they left is that the sick leave will be paid out after retirement, even though it is not a retirement benefit, and there -- they don't have any power to bargain or discuss, be part of a committee to discuss the kind of impacts that will have on them. This is something that was promised to them that they now have no voice to change. I don't think -- it is unlikely it's a very large number of people, is my guess. I don't know if we have a number on how many people fall into that category.

>> Alex Gurza: Unfortunately, we did try to obtain that number, but we haven't been able to get it. But we don't have a set number of people that we know of.

>> Councilmember Kalra: Do you sense that it is a relatively small number, or do you know?

>> Alex Gurza: No, I wouldn't want to venture to guess. Because it is anybody that might have left, you know, 15 years ago, for example, so I wouldn't want to guess as to how many people that is.

>> City Attorney Doyle: Councilmember Kalra, on that issue we believe that the issue is subject to bargaining, and it's not a vested right. However, there's the new twist with these people that we refer to as deferred vested. And we're doing some additional research on that, and we'd like the opportunity to get back to you after we get a chance. Maybe by then we can also get how many people are in this class. It may be a very small group. But there's some legal issues, we need to do some additional research, and we expect to get back to the council in the next ten days.

>> Councilmember Kalra: Okay. Well, given the fact that it is frankly a small number of people, and given that almost certainly there would be legal action on it, and the legal cost alone may dwarf whatever savings we get. And so given the legal and fairness aspects, I'd ask Vice Mayor Chirco if she would consider a friendly amendment to exempt those that have left city service, just in regards to that sick leave payout, that's the only aspect that really affects them, because they've been given -- they, when they left city service, they were given certain assurances of what they can anticipate they would get. And it's different than retirees and the effect on retirees, because it's not a retiree benefit, it's a benefit that we just indicated they would get at retirement, at the time of retirement.

>> Councilmember Chirco: I'd like to ask the City Attorney. What I would prefer to do is defer that group until we have a better accounting of what we're talking about, and also an evaluation of the legal position. I know you said that maybe you could do some --

>> City Attorney Doyle: We're in the process. We've used outside counsel on this issue only because some of us have a conflict, I guess, in terms of the payout, ultimately. But to the extent that there is -- this is sort of a new twist that's come up and came to our attention just in the last week of individuals who have actually left the city service, in fact I refer to them as deferred vested. And there's some interesting twists, and we've consulted with outside counsel. We're expecting to get some additional information back to council, and it may well be something we can work with in the next ten days.

>> Councilmember Kalra: And since this is something that it looks like there's still another 5% to be worked out, anyway, I think it is completely reasonable --

>> City Attorney Doyle: We'll definitely have an answer by June 3rd.

>> Councilmember Kalra: Well, no, I was just going to mention to the Vice Mayor, I was going to ask if I can amend my amendment and change it just to that one population, that we just defer action on that one small population of people, so we can get better legal advice as well as constructive advice as to what real effect it has.

>> Councilmember Chirco: Until June 3rd.

>> Councilmember Kalra: Yeah, or until we get -- we'll defer action on those individuals right now until we get more information, with the understanding that June 3rd would be the last date we have to take action on them.

>> Councilmember Chirco: And is that appropriate?

>> City Attorney Doyle: That's fine, and we'll come back -- ultimately we'll come back with a package.

>> Councilmember Chirco: Okay, I would accept that friendly.

>> Alex Gurza: One recommendation I could make is since we have to come back on unit 99 anyway, on the issue of the second 5, we can come back with that information then. It may not change the need to look at it. But I just want to clarify, not any misimpression. The memo doesn't eliminate the sick leave payout benefit for people that already left. It subjects them to the same reduction that's here for current employees going from a maximum of 75% to 60. I just wanted to make sure that was clear. But perhaps we can come back with either the same proposal for them or something modified between now and June 3rd.

>> Councilmember Kalra: And given the fact that it's just that 15% change, that that is where I threw on my two cents on the fact that the legal cost could overshadow any savings we get. And so if we get better numbers on that, when you report back, too, that might be helpful in terms of how many people really fall into that category.

>> Mayor Reed: Okay, so the motion has been amended by friendly amendment to carve that out and bring it back with the others. Okay.

>> Councilmember Kalra: And mayor, the second issue as well I'd like to discuss, and this has to do with council staff. We already have been told that council staff is the lowest paid on average than anybody else in city employment. We already know that obviously they are at will. It is my understanding that their pay, I mean, they really serve at the service of their individual councilmember, or the mayor. And their pay is determined out of a budget that we get and we decide how much to pay them. Last September I reduced my staff to three people and consciously kept it at that level for over six months up until just three weeks ago to save money knowing that we were going to be asked to give back this year, just because of the nature of our economy, nature of our city budget. And given that, given that we have individually set what their salaries are, and that individually decided how large of a staff we have, how much of our city budget we use, I've been relatively conservative in using my council budget because of -- because of the fiscal situation we're in. And so that, coupled with the fact that these are the lowest scale, lowest level employees, and given the fact that going forward with the budget process, we're going to have to look at our city -- our council budgets and our mayor's budget, as well working for budget and determine what cuts we need to make and align our office budgets, I know we've taken cuts in the recent past, as well. But whatever we decide as a group is necessary, I find it more appropriate to deal with council budget that way than telling our employees that work for us to take that -- to take a 10% cut. I mean isn't -- and given the fact

that they work directly for us, you know, what's to stop us raising the salary the next day? The reality is it's a unique, they're in a very unique situation, and it's not to say they shouldn't share in the pain. It's not to say that we already individually are sharing in the pain. It's not to say that our council office shouldn't share in the pain and guarantee that when we have our office budget cut, that's going to have an impact on our ability to hire more people or to give raises for certain, and very well could be in this position like Councilmember Constant indicated where we would just have to give cuts. But I think they're in a very unique position. They're in a very unique situation that is different than any other position in city service. Because of -- because they work for an individual, they work for each of us, individually. Obviously they're city employees, obviously they get paid with taxpayer money, whatever you want to say. But at the end of the day we're the ones that decide how much they get paid. I've purposely not given -- like I said, not hired an extra individual. If I'd known that this was coming down, well, you know, maybe I would have given a 10% pay cut three months ago knowing we're going to come to this. But instead I've been very conservative with my council budget. So given that I would ask if the Vice Mayor would consider, at least in the short term, to defer action on council staff to see if there's a better alternative that's more appropriate, given the fact that we have individual discretion on our council staff to find a better alternative to find those same cost savings within our council office budget, rather than to immediately impose on the lowest paid employees in the City of San José, that are at will than can be let go any day.

>> Councilmember Chirco: This is the most troubling element. I know when I thought about how do we as a council handle this. But my concern is, if -- you know, and this is just for the 5% one-time. If we as a council, and to be honest, if we protect our employees -- which I don't disagree with you, I totally hear you, what message does that communicate to the larger work staff? Even though we, as electeds, have taken the 10%, I think -- and that might be where we do the sliding scale in the other 5%. But I think I just -- I just have this very core belief that I cannot ask of others what I will not give myself. And that also goes to the people that have graciously agreed to partner with me in my office. Now, but I think that flexible timing, there might be some movement in that. But I think symbolically, there needs to be the permanent roll back. And I think that's just really important about the messaging. The lady that was the single mom had two children was trying to pay for an apartment and a car. So -

>> Councilmember Kalra: If I could just respond, with, again, I understand the importance of symbolism, and of sending a message and what have you. But again, this is a uniquely situated class of employees. Because again -- because we hired them, and in fact I'd ask the City Attorney, you know, right now, according to this memo, it says effective June 27th, you know, put in place these cuts. Is there anything that stops anyone because they work specifically for us from getting them 5% pay raise tomorrow and then the cut comes and then they're back to where we are right now. I bring that up not to say that that's something we should do. I'm bringing that up because they're unique in that their pay is part of a larger picture of an office budget. The amount of staff we have is part of a larger picture of an office budget and that's why the office staff is unique in a sense. We can look at the overall council budget as a way of really making up the difference of whatever they would be out on, as far as wages. But, you know, is there any -- I mean, wheys the discretion of the individual councilmember in that regard, regardless of what directives are given by the council as a whole?

>> City Attorney Doyle: Between now and June 27th, so long as it's in your budget, it is within your discretion, to now -- so you do have that power. This takes effect post June 27th, and it would impact any automatic raises and/or merit increases, as well, it would prohibit those. But the council sets the compensation.

>> Councilmember Kalra: And that's my point. My point is, even after June 27th, this goes into play. A month later, if someone determines they want to hire somebody, or someone determines that they want to give a raise, because they let someone go, and now someone's doing extra work, that still is within the discretion of individual councilmembers?

>> City Attorney Doyle: Well, it doesn't prohibit promotions, and it doesn't prohibit new hires. So those are areas where -- and the departments have that flexibility as well.

>> Councilmember Kalra: And I don't bring this up again as a way of saying, oh, well, we'll just be sneaky and get around it. I understand they are a very unique class of employee. And even with the cuts that we're making to our council staff, where does that money go, or where is that money coming from? I don't know if Alex knows that.

>> City Attorney Doyle: That's a budget issue.

>> Councilmember Kalra: I mean, if we cut it, is it the council general funds or --

>> Mayor Reed: No, those reductions would all go into solving that \$50 million gap that doesn't come, or it is -- it is up to us to ultimately decide how to spend the money, whether it comes from our office budgets or ABMEI or anybody else. The only restrictions we placed by direction so far is that we segregate the concessions, sworn versus nonsworn. So the cuts in our office budgets would go into that nonsworn pot for us to decide how best to spend it.

>> Alex Gurza: Could I provide a couple of clarification? When we give the general wage increases, the pay ranges move so the bottom step and the top go up. On the reverse, it's the same thing that's going to happen here. So the bottom and the top will go down by these percentages. So to be clear, that although you can give anybody an increase, you can't go above the very top of the range. Now, in city departments, I understand you're saying it's unique. But let's say somebody isn't at the top step. One could say, well, a department could theoretically recommend a -- even with a step freeze, recommend a merit increase on anything like that. We put things in place to try to avoid that by saying these merit increases and step increases will not be authorized, to try to avoid that and make it clear that our intention is to have this apply fairly to everyone. And so I wanted you to know that the same kinds of things could occur in any city department, but we're trying to make sure that that doesn't occur, that it's spread across everybody, and each step at every pay range.

>> Mayor Reed: Vice Mayor.

>> Councilmember Chirco: So Ash, again, on this one I just think the messaging is so critical to all city staff, that it's -- that we treat all people equally. If somebody is doing more work, then you know consolidating a couple of positions then obviously there's compensation that goes with the work. Sometimes I know this has happened in my office where somebody now takes on additional responsibility and that calls for going from I think it's council assistant 1 to council assistant 2, you know, so it's commensurate with the responsibility of the job so --

>> Councilmember Kalra: If I may, Mayor, that's the ability we have to do that. And I think other employees in city service, when we see departments slashed in terms of number of employees there, are taking on a huge more amount of responsibility and aren't getting the commensurate compensation back.

>> Councilmember Chirco: Well, as the City Attorney was saying, that if somebody has moved from one category or one classification to another, they can either be classified up or classified down. This is one of my core values is that equity, that we treat our people equally, and it's not the office you're in, or who you know, but that it is a level playing field.

>> Councilmember Kalra: And I would just say, with the last comment you made, that our staff are our people, and they're the people that work for us. And I understand the messaging to be sent. But you know, I think the message that we've sent today has already been made very clear.

>> Mayor Reed: Okay, so the friendly amendment is not accepted.

>> Councilmember Chirco: With regrets.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I just wanted to clarify. Seems like it's apparent already, but it seems to be we already have the authority to boost any salary that gets cut in our own office. I don't think there's any harm, unless I'm missing something.

>> City Attorney Doyle: If this is adopted after June 27th, you'll be subject to the same limitations on merit increases, and your unit 99 employees will have a 5% reduction or whatever the posted number is.

>> Councilmember Liccardo: Right. But within the limits of our own budget we can then subsequently change it, right?

>> City Attorney Doyle: Well, you can in the form of promotions or new hires, but you are still subject to the same limitations. You just can't give an automatic increase to somebody, it has to be council assistant 1 to council assistant 2, I don't know what the classifications are.

>> Councilmember Liccardo: Right, got it. Thanks.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: A lot of my questions I was going to ask have been asked by Councilmember Kalra, and the Vice Mayor has made it very clear on her position, so I have no comments.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Well, first of all, I want to say thank you to the Vice Mayor for not taking that amendment. You know, we already have so many special rules on the 18th floor. We're the only -- technically we're individual department heads, but we're the only departments that aren't separated in the budget. We're just all lumped together, so you can't really see what individual council offices do or don't do in their budget to be efficient or nonefficient. We have not, in the past, taken the same amount of cuts as other departments throughout the city in an effort to rectify the budget deficit. And you can go back many years and see that that's been the case. We're the only departments in the city that allow rollovers of unencumbered funds, so that we can do exactly what Councilmember Kalra pointed out to kind of build up a little stash so that you can spend more money in the next year. We're the only ones that have a separate fund called a council general fund, where money can be moved around and spent without being responsible to each individual office. I have, every budget year since I've been here, put in budget documents to change that, so that we get rid of the already specially carved out special things that council offices get to do in their budget. And I think adding one more would be terrible, and quite frankly, I hope in the spirit of the entire organization, nobody just makes up a promotion and moves someone up in a classification to give them more money to get around what we're binding the hands of everybody else in the organization to do. That would be blatantly unfair, and I will call on you all again in this round of budgets to push that we get our budgets lined out like other departments, and that we get rid of council general and we account for common expenses like other areas of the city do, and that we give up the practice of allowing unencumbered funds to roll over. Because we already treat ourselves far too special, compared to the rest of the other organizations.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Mr. Mayor, I'd like to call for the vote. I don't normally like to do this, but we have people that have been waiting in the audience for over four hours to do some land issue. So I would like to call for the vote.

>> Mayor Reed: Okay, we have a motion on the floor. Vice Mayor Chirco with the modification of carving out a little bit of the sick leave payout to come back as part of the next round. On the motion, all in favor? Opposed? Opposed: Constant, Oliverio, Kalra, Campos, Nguyen. So that passes on a 6-5 vote. Completing our work on that item, and finally finished the afternoon agenda. It's good to know. We'll now take up the first general plan and land use items. Take a minute for the staff to change. Earlier today we deferred a couple of items until May, so let's talk about first what we're going to do on the general plan. Joe Horwedel, I think, is going to lead that.

>> Joe Horwedel: Thank you, Mr. Mayor. As you noted there were several items that were continued from tonight. Just for the benefit of the audience, 10.1A, the Dove Hill general plan amendment, was deferred to May 18th. And 10.2 is being considered deferred to the fall general plan hearings. As it relates to the general plan amendments, we have before us tonight as we spoke to the council on the general plan update envision 2040, we are embarking on some changes of how we look at land use in the city. And I look at these amendments tonight as really those transition types of amendments and we'll see some more this fall. Clearly as we go through and

forward and trying to build villages in the city, that our goal is to improve our jobs to housing numbers. Being able to do housing on any location around the city will become much more challenging in the future and it's one of the things I asked the council last week to think about over the next year or so. So we do have some amendments we're bringing forward tonight. We're looking at these really under the current rules that are in place but it is one of those considerations if you think forward a year or two, whether the answers would still remain the same as a part of these amendments. So with the consent calendar, we do have two items that we're asking the council to approve.

>> Councilmember Pyle: And then go to the regular hearing items.

>> Mayor Reed: Go to the consent calendar. Is there anything council would like to pull from the consent calendar. Councilmember Pyle.

>> Councilmember Pyle: Yes, Mr. Mayor, I would like to pull 10.1C. I would like to move my approval of my memo which does bring about a change in density.

>> Mayor Reed: Okay, let's try get control here. There's only two items on the consent calendar. So we'll pull 10.1 (c). That leaves 10.1 (b). The only thing left on the consent calendar, is that correct?

>> Joe Horwedel: For the record Laurel Prevetti is doing 10.1 (b).

>> Mayor Reed: The NBD on Winchester boulevard? Any discussion on that? We have a motion to approve 10.1 (b) for Councilmember Constant. All in favor, opposed, none opposed, that's approved. 10.1 (c), Fleetwood drive matter, Councilmember Pyle wants to speak to that one.

>> Councilmember Pyle: Fleetwood drive? This is the Mazzone property and changing from one density to another.

>> Mayor Reed: 10.1 (c). I may have the agenda description wrong. The last word in the subject matter is Fleetwood drive so there's a lot of other stuff there. On 10.1 (c).

>> Councilmember Pyle: 400 foot northerly of Fleetwood drive. Planning Commission has voted unanimously for this rezoning and I would also like to thank Leslye Xavier and Mike enderby. They are outstanding to work with, and the community, came up with ideas an we incorporated them but most of all I'd like to thank Tom Mazzone who has been sitting here for over four hours and still smiling and being patient tonight and being patient with the city process and working with both city staff and the residents of Almaden hills estates to make sure that any new development is thought of as part of the neighborhood. Thank you, for all your help Mr. Mazzone. And your direction that anyone considering development of this site understands how vitally important it is that new homes feel like a part of the existing development even though the sites will be a little bit smaller. So with that I move for approval.

>> Second.

>> Mayor Reed: Okay, we have the motion for approval with the recommendations in Councilmember Pyle's memo. Further discussion on this Councilmember Liccardo.

>> Councilmember Liccardo: Yes I think I'm sorry a couple of us are just looking at this memo for the first time and so my apologies. We didn't get it incorporated in the binders in time. Can we ask staff about any quick feet back for variations, whether there are any concerns the staff has?

>> Joe Horwedel: Actually, the memo is up on the screen, that we work with council office in crafting the memo, that we thought it was important that whatever development would happen an the site really is reflective of the surrounding neighborhood. And so we think the direction from the councilmember is doable at the general plan and whatever we would do at the PD zoning stage.

>> Councilmember Liccardo: Okay, great, thanks.

>> Mayor Reed: All right we have a motion. Further discussion? All in favor? Opposed? None opposed, so that motion carries. That concludes the consent calendar. If I'm keeping track properly. 10.3 was deferred so that takes us to 10.4, ruby avenue project.

>> Joe Horwedel: No, 10.3 is still being heard. We have two dove hills tonight.

>> Councilmember Pyle: Two dove hills.

>> Joe Horwedel: So 10.3 this is a general plan request from public quasipublic to residential on a portion of the site, staff recommended no change on this. The Planning Commission did support the change. The concern that staff has with this is one that is kind of a creeping incrementalism that this was a site that was general planned for nonurban hillside. It was approved for public quasipublic years ago with the rationale that it would allow a church to locate at this time. The feeling is that it would not be appropriate for a church, they would do housing on that site and it is not appropriate for housing.

>> Mayor Reed: Staff?

>> Mr. Mayor, members of the council, I've sat here for the last four hours trying to come up with a witty sorbet that could move you from a very heavy first-course agenda to the lighter land use course. So I'll simply beg your indulgence for a few minutes. I know it's been a long evening. I know it's hard to ask you to kind of pay attention, but I'll be so bold as to do that. Fortunately we have a memo from Councilmember Herrera supporting this. This is a project that, as councilmember -- I almost gave him a raise here. As the Planning Department indicated -- [Laughter]

>> Originally, this land use designation was nonurban hillside as indicated in the staff report in the early '90s about 1995 it was changed to public quasipublic as the church thought they wanted to go there. It's been 15 years there's not a church there I actually represented a subsequent church that wanted to go there. It was too expensive for them to do that. They didn't move forward. What happened basically between the 1990s when the original church was done, the land uphims of this, I'm trying to do this without graphics because this wasn't open tonight, the land above this was actually opened for residential. At one time when the director talked about creeping development the creeping development occurred in the late '90s when development already occurred above this. There are 6,000 square foot lots above this particular site and for that reason the district 8 round table identified this as an appropriate land use and recommended to the Planning Commission that they support this. The Planning Commission deliberated it. Several commissioners specifically wondered why the staff was not in support of this and therefore the Planning Commission recommends in favor of the land use change. In a spirit of compromise we actually offered to do only 19 units and for the sake of discussion that's a 20% cut. In keeping with your cuts this evening, it was completely voluntary. But I want to make sure that you understand that. Number 2, is on Councilmember Herrera's memo, is the applicant should submit zoning for the entire site. We've indicated we're willing to do that. We think it makes particularly good sense since this site does have slope and part of the reason I suggested to her last evening that there were really only 19 units is due to that slope and we've had conversations with the neighbors. The two most local or immediately adjacent neighbors said they supported the residential. They in fact did not support the church that I brought forward in 1999 and they were glad to know that a church might not be here. The gentleman who was here earlier I don't believe is here I met him as he came here this evening he said are you here to come for or against the project he said I didn't even want to speak for or against. You know what, I want to speak against a church tonight. I think he departed about 8:30. The one comment I have, if the propose church does not move forward after five years, the staff should initiate the change to nonurban hillside. With regard to the church I'd indicated in the early conversations with the staff we're trying to develop a compromise to develop some of the sites for the 19 units, leave a small church site in making a way for it to move forward. In the event a church doesn't go there it would revert into nonurban hillside. My expectation would be in five years we could change the dissention to residential on a portion that is not church and is not identified. In that event I would ask Councilmember Herrera if she would be willing to accept a slight modification and that is if the church doesn't move forward in five years that in fact we could develop the remaining portion of the property which is going to be probably less than one acre quite frankly or alternatively, many of you know I stood in front of you representing churches and sometimes I'm representing churches that neighborhoods don't like, or I'm representing churches who come into industrial areas. I think I've told you on

many occasions representing the churches, that churches have unique needs relative to their location, some of those are where mayor communities are some of those are financial, and so to try to pin churches down specifically into blue areas on the general plan, I don't believe works. So I think leaving this in the general plan designation in blue is not going to foster the development of the church. It's probably going to keep the land in open space for a while but as a practical matter doesn't foster the housing needs of the city. So I would answer any questions you have Mr. Mayor and Councilmember Herrera I assume will make a motion. Thank you.

>> Mayor Reed: Okay, thank you. I have one request from the public to speak. Take it at this time, Richard Rosdale, okay, that will take us back to council discussion. Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. And I do want to thank Jerry de Young and the applicant for holding an additional community meeting. I was concerned that the only meeting that had been held was a district 8 round table and I was concerned that the residents that were nearest the development, proposed development had not been included and so we did get to talk to at least one resident who had been involved in the process from the very beginning and is glad to be involved in that so I appreciate that. I'm going to decline to change the -- my portion of the memo that talks about if the church is not on the pipeline or religious -- yeah, religious assembly, would be more correct here, is not on the pipeline after five years that we initiate a change to nonurban hillside. I think that was along the concern of the D-8 round table and others that this not be used to then have the church go away and have additional housing on the hillside. So I would prefer to leave it, and I would like at this time to move my memo. If I can get a second.

>> Mayor Reed: Okay, we have a motion on the floor the memorandum by Councilmember Herrera. Councilmember Kalra.

>> Councilmember Kalra: Thank you mayor. I want to get a more background on this little church. I guess in '95 zoning had changed to allow for a church and then after that there's no interest no progress on that or is there a sense of I guess it was -- what happened? Why are we here now, there's no church there? Is it --

>> Joe Horwedel: Well, the city can't force a property owner to sell their property or develop it. That is ultimately the real challenge.

>> Councilmember Kalra: I understand but was there something that precipitated it to be zoned in order to still allow for a church or is that something that was felt that it was appropriate usage? I guess I'm not being clear. What caused that change at that time, was there an interest in building a church there?

>> Joe Horwedel: Yes, yeah, that was the only reason.

>> Councilmember Kalra: Okay, I should have started with that. So at some point that fell through.

>> Joe Horwedel: That's correct that originally there was a church that was interested in the property and at the time we could say church and not assembly use. That convinced the council time that there were no other places to go that this was an opportune place and as Mr. de Young said, a lot of that is economics and we've seen those types of uses want to go where land is inexpensive. This was nonauburn hillside it had no other value so it was an opportunity. I think the cost to developing on this site because it is a hillside was expensive, and so that may have been one of the reasons why it fell through.

>> Councilmember Kalra: So since that time there hasn't been an interest in building a church there or has there?

>> Joe Horwedel: I'm not aware of anybody coming in to talk to the city about it. I don't know how much the property owner had actively marketed the property out to potential church sites, as council's well aware we have had a number of religious assembly uses that have come through the process, a number of them we have not supported because they were going in industrial zones that probably would have fit on this property. It's not that there aren't those size churches that are looking. It was whether there was a match there between a buyer or seller.

>> Councilmember Kalra: 3.28 acres would be conclusive of where the church would be and the homes?

>> Joe Horwedel: Correct.

>> Councilmember Kalra: One acre is being set aside -- is that correct --

>> Joe Horwedel: Yeah, it's a little bit confusing, because the church project also included a piece across the road. So of how those pieces fit together, the site we're talking about tonight is the 3.2 acres. So a church would be coming out of part of that, is how I think how the acreage works together. So as Mr. de Young says, the expectation of about an acre would come out for the church assembly use to remain, and then that we would change the general plan on the balance piece.

>> Councilmember Kalra: So I guess that's where I get stuck on number 3, because we're saying if a proposed church doesn't move forward. But it doesn't seem that there's been an effort to put a church there. At least since '95 there really hasn't been an effort to put a church, so we can presume there is going to be a church there in five years or ten years or however many years you want to put on there.

>> Joe Horwedel: Right, where staff was coming from, and in talking with the council office as part of I think the impetus for what's in the memo, that this was a site that was nonurban hillside. It was not a site that came to the city asking to be residential. Had it come in asking for residential, I don't think it would have ever been approved. It came in as public quasipublic. So plans were put together of parking lots and buildings terracing up the hill, and then that art was then turned into, well, if your city is going allow grading on that portion of the site to go and put parking lots and a church, why can't I put housing on that same footprint? And so it's creeping incrementalism, we say yes to one things trying to be nice and solve a problem, and then that comes back behind us to do things that we would never have said yes to.

>> Mayor Reed: But in the interim there has been, at least I'm looking at comments during the planning commission meeting, in the interim there has been housing developed on -- up above on the hillside.

>> Joe Horwedel: There was housing built on the adjoining property. That was an application that was actually filed with the city back in the '80s. It's part of the Silver Creek planned residential community that was general planned for housing. It was not that it was nonurban hillside and that was not assumed to be housing there. It is in the Silver creek planned residential community and was assumed for housing. This was the site that's in Silver Creek that was assumed for nonurban hillside.

>> Councilmember Kalra: I guess I'm stuck on -- I'm okay going forward except for the restriction in number 3 in that in five years, you know --

>> Joe Horwedel: From staff's standpoint, is that if the applicant wants to put housing there, they should be straight up and say, I want to put 20, 30, 40 houses here, let's deal with it tonight and not -- we think the assembly use already is a very marginal location, and that's why we put this in as either it's housing or it's open space or it's assembly use. Let's be kind of straight up with it.

>> Councilmember Kalra: Yeah, I don't necessarily disagree, if you want to keep the whole site for housing or not, or keep some of it for open space or build a park on it, whatever you want to do. But get some sense of what's going to be there if it's not going to be a church. To then say -- I mean, it just seems like we're just essentially foretelling that it's just going to be nonurban hillside five years from now, because I don't see a church coming there. So I don't know, Jerry, if you had further comment on that?

>> Mayor Reed: What is the question that you want him to answer, let's be specific.

>> Councilmember Kalra: Well, I guess the question would be, you know, in terms of the remaining portion of the site that is deemed to be a church, first of all, it would be your preference on the entire site, which I imagine would be housing, and then given the constraints as recommended by Councilmember Herrera, what do you see -- what's the greatest obstacle in that constraint in moving forward? Because as Joe said right now, we can -- let's talk about the whole thing and get it over with.

>> Thank you for the question. I think, first of all let me answer it by saying that the current owner, who has owned it since about 2006, has in fact explored opportunities for a small church. The small church that he was talking to was looking to expand and come to San José at a small site. So what we talking with the city staff about was try to form a compromise. Could we develop residential and still leave the site for a church. When we were doing that, we were trying to use the alternate discretionary use policies of the city's general plan that would allow us to do both, without having to come to the council for this deliberation. Barring an ability to find a compromise with the city, we filed the general plan amendment to go to residential. I think the applicant's interest is to do residential, but he respected the comment that if we could continue for a couple of more years to see whether there was a church site there, he would look for that opportunity. He has already looked for the opportunity, and it hasn't presented itself. In five years it will be 20 years since that general plan designation was made. It is our opinion that after 20 years, alternate considerations could be made. So that was the essence of the proposal. I think if you ask me tonight, would you rather have all the 19 units there, I think the answer is yes, and I'll tell you why.

Because what I heard in the community was the concern about having a church here. So if I have to go back to the community, under the rezoning, and say I gotta have a church here because the council would like to see a church here, and oh, by the way, I can take my 19 units and put it on less portion of the property, which means I'm going to have smaller lots, they aren't going to match what's adjacent to the residential units, and then I'm stuck in the next part of that equation, how do I convince the community to support the rezoning, because I'm now offering the type of product that's different than theirs. You know about that, you hear about it probably every other Tuesday night, when the community doesn't. So if you ask me what would we prefer? We would prefer this to be general planned eight dwelling units per acre and let go of the concept of having a church here.

>> Councilmember Kalra: And that being said, is it realistic -- given where you're coming from and possibly I presume the applicant's coming from, is it realistic there's going to be a church there? If it's not something you see workable, from my estimation it's probably not going to happen.

>> I think the likelihood it would happen is slim. The question is, do we need to continue to hold out hope for five more years and look for the opportunity? At the end of that five years, rather than converting it to nonurban hillside, I would would ask that it just be allowed to develop for the residential densities that are applied to the entire project. We're not trying to create a situation where we put 19 units on half the property and come back later and try to get more units. If we only have 19 units we might put 14 units on a portion of the property and wait to see if the other portion has the five or six that's available. Does that make sense?

>> Councilmember Kalra: Yeah. Reduce the density level and spread out the units over the entire property.

>> I believe that's what the community, the people who live on Wheatley, would probably prefer to have houses that are very similar to theirs. It's kind of --

>> Mayor Reed: Okay, I think you answered the question.

>> Councilmember Kalra: Thank you. And at this point, unless you have anything else to add, Joe, I'd be more than happy to listen to Councilmember Herrera, since she's the one that put forward the memo. Now that I've gotten the sense from the applicant.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: This represents a compromise. Because planning was not supporting this project, and I wasn't either. And the reason I am now is because I did have a conversation and had the community meeting, and supporting 19 homes. And in looking at zoning for the entire site, and being very concerned that we not have additional housing there. The D-8 round table supported this because they wanted to limit the residential property, the residential units that were going to be built to that area and were not contemplating additional residential being applied at a later date. So I think it would really be not in the spirit of what has moved forward so far to change that. And so I am sticking with my -- you know --

>> Mayor Reed: Your motion stands on your memo.

>> Councilmember Herrera: Yes.

>> Mayor Reed: Councilmember Liccardo -- Liccardo, yes.

>> Councilmember Liccardo: I respect the efforts of my colleague, Councilmember Herrera, and I understand this is a very difficult compromise. I actually side with staff on this one. I have to just say, I think the general plan had it right. You know, we're stretching housing to service areas that compromise us both environmentally and fiscally. We've got an undeveloped sloping grassland area adjacent to nonurban hillside. This isn't the place for housing, it seems to me, whether the almighty sees fit to build a church here or not. Whether or not churches ever rise from this soil, it seems to me that building housing next to a freeway isn't an ideal site. We have a scenic routes policy that says otherwise, or actually says that we should be preserving grasslands near freeways. And I am concerned about this domino theory. I guess Joe referred to it as creeping conversions, and I think this conversion is going to be used to justify other conversions immediately adjacent or nearby. And so I'm just worried that we're heading down a road we don't want to head. I certainly recognize Councilmember Herrera did a lot of work in the community to get to this place, and I respect that, but I have to dissent.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. I just wanted to disclose that I talked with the owner of the property, Joey Low, and he also expressed his concern about having a church there will increase the traffic. And he also communicated to me that the neighbors was really concerning having a church there. In regard to Councilmember Liccardo's concern about building close to the freeway, I believe there is enough buffer between the freeway and this property. So if I may make a friendly amendment, to just allow them to build 19 houses over that 3.28 acres so they have a, you know, a larger lot, and pretty much with preserving the same amount of the grass area, to allow them to have only 19 units on a bigger lot.

>> Councilmember Herrera: I appreciate your thought, Councilmember Chu, but I'm going to decline your friendly amendment.

>> Mayor Reed: Okay, on the motion, all in favor? Opposed, opposed we have Kalra, Liccardo. So that passes on -- with Councilmember Campos not voting, passes on an 8-2 vote. Our next item is 10.4. Amendment on site Ruby avenue and Murillo avenue.

>> Joe Horwedel: Thank you, Mr. Mayor. It was a little bit of a replay of what I just said on the last one. This is a site that had been approved for a religious assembly use on it. The neighborhood would much rather have housing built on it rather than the assembly use. It is a transition piece to our east foothills. The concern that staff has is that what we do with this parcel, if we're doing true general planning, we should be changing the entire block to residential. It is one of the concerns we have that we are adding density in an area that is not transit accessible, that does not connect to villages. It is really putting it where we're least able to receive it. And staff was not recommending approval of this.

>> Mayor Reed: Okay, I think the applicant representative is here and wishes to speak. Let me get that microphone on.

>> Thank you, Mr. Mayor. Members of the council, Jerry Strangess, representing the applicant, Ruby estates. They're still here in the audience. We had about five people from the community that were going to speak in support. I think there might be one left, but they obviously were tired and had to leave. We're in full support of Councilmember Herrera's memo in support of the Planning Commission's unanimous recommendation. Would urge the council to support the memo. I do have my architect and engineer that stayed all night. Because of the lateness of the night would just urge you to support this and thank you very much.

>> Mayor Reed: Thank you for not taking all five minutes. Appreciate the value of brevity this late at night. We have two people from the public, at least have two cards. Said Chaudry and Javed Akbar who wish to speak? Okay, that will bring it back for council discussion. Councilmember Herrera.

>> Councilmember Herrera: Yes, I also have a memo on this one, is it up there? Yeah. The planning commission recommended this, the community surrounding it are very much in support of it. And part of the reason is there is a religious assembly next door to this, so that this would amend. Because this was another site that had been projected for another religious assembly, and the community was concerned about having two of them right next to each other. There is some housing around it. I'm not supportive of additional development, residential uses on the east side of Ruby northerly of Murillo Avenue, and I share staff's concern about that. But I think this situation is, in my opinion, more like an infill because of the small project within that area. And therefore, I am going to support it. And I want to move my memo forward.

>> Mayor Reed: We have a motion on the memo. Councilmember Liccardo.

>> Councilmember Liccardo: I know everybody's eager to rush home. I think staff again is right on this. The road to hell is an incremental one. I understand this isn't a terrible proposal, but incrementally it just puts us in the wrong place.

>> Mayor Reed: Anyone else? Okay, we have a motion to approve based on Councilmember Herrera's memo. All in favor, opposed, one opposed: Liccardo. Campos not voting. Oliverio opposed, so we have two opposed, one absent, passes on an 8-2-1, I guess. That concludes the actions except for the approval of all the general plan amendment actions which I think we need to defer until May 18th.

>> Joe Horwedel: Right. Staff would ask that we defer that to May 18th. It does mean that the items that you have acted on would defer their effective date by several weeks, but it would allow us to do this as one general plan session, rather than creating a new one on the 18th. So our recommendation would be to defer this to the 18th.

>> Mayor Reed: We have a motion on the floor to defer final the final approval of general plan amendments until May 18th. All in favor, opposed, none opposed, that's approved. That concludes the general plan work for the evening. We have some public hearings on the consent calendar. I think all we have left is the consent calendar. Item 11.1. It's a motion to approve the consent calendar.

>> Laurel Prevetti: Mr. Mayor, if I may, item 11.1B has to do with a resolution to remove the targeted business district overlay from Winchester, and since the adoption of the resolution is being postponed until May 18th for the general plan amendments, we would recommend that this item also be deferred to May 18th. Thank you.

>> Mayor Reed: That is incorporated in the maker of the motion's motion. All right, so any discussion on the consent calendar beyond that? I have a motion. All in favor? Opposed, none opposed, that's approved. I believe we are here just in time to get the earliest open forum of the day, at 12:01 a.m. We have some people who wish to speak. Please come on down. We have Mark Trout, Sharott Lynn, Fred Hirsh, and Donna Wallach. If you're still here, come on down, so you're close.

>> Well I've waited for five hours to talk for 120 seconds showing up in uniform trying to draw attention to myself hoping to move you to do what I want you to do and get rid of the scum in the CPS. I am very concerned, as I said before, with the murder of Nancy Schaeffer, whose name is associated with what she found out about the child so-called protective services.

>> Mayor Reed: Mr. Trout, you need to address yourself to matters within our jurisdiction and control. That's the purpose of the meeting. It is not just an open forum, it's about the city. So bring it back to the city.

>> It is definitely within the jurisdiction of the city. Doesn't the city manager appoint the chief of police?

>> Mayor Reed: Come on, you need to talk about the city. It's up to you.

>> Excuse me?

>> Mayor Reed: If you're talking about North Carolina or someplace, that's not the City of San José.

>> I'm bringing it down to home.

>> Mayor Reed: Okay.

>> The City Manager appoints -- Chief Davis was appointed by the City Manager. A policeman goes a house -- when a CPS agent, should I use the word kidnaps a child out of a home that quite probably will get molested, according to Senator Schaeffer, okay, that has to do with us. Don't give me this BS that it's not pertaining to us. Vice Mayor Chirco just waxed eloquent at the beginning of this meeting with her presentation of outstanding contributors to childcare. You know, this is big time. This you know, 9/11, this is as big as 9/11 being an inside job. Which, by the way it is, you know. If you think about it, the kids are being taken out of homes, mostly poor homes that can't afford a lawyer, okay? And they're sold as sex slaves, for crying out loud? She was going to get rid of them. We need to get rid of the CPS. Who are these people, who are these people? They undermine the fifth commandment, honor your father and mother.

>> Mayor Reed: I'm sorry, your time is up. Sharott Lynn, Fred Hirsh, and then Donna Wallach.

>> I'm Sharott Lynn, president of the San José peace and justice center. I addressed the council approximately a year ago in regards to the police actions during the Cinco de Mayo in 2009. As a result of those, my presentation, I wrote an article that was published -- you have it in front of you, I believe -- that was published in the independent media. And it basically documents what happened within a one-hour period of time along four blocks of Santa Clara street between Market Street and fourth street. And in that period of time there were 14 police stops of vehicles. And that represents one stop every four minutes. And this doesn't happen in any other festival, no matter how many people are there downtown. It only happens in Cinco de Mayo. What I'm asking the city council to do is to urge chief Rob Davis and the San José police department to not focus specifically on Cinco de Mayo. It's not that these kinds of actions shouldn't take place, but they shouldn't take place exclusively on Cinco de Mayo, because it represents a discrimination against our Hispanic community. What I ask is that we have a policy that, when it's applied, is applied to all festivals in the City of San José and all communities equally. So -- I'll be out there, again, this coming Cinco de Mayo taking photographs if anything should happen.

>> Mayor Reed: Sorry, your time is up.

>> I hope I don't have to do it again, thank you.

>> Mayor Reed: Donna Wallach.

>> I have observed the San José police department grossly violating the civil rights of Mexicans and other ethnicities wanting to celebrate Cinco de Mayo in San José. Especially on the Eastside, King and Story and in the Downtown of San José. I've seen people, including my friends, be wrongfully detained and brutally arrested, physically beaten up. I have observed the San José police department humiliate young men in daylight in public. I have observed during -- on Cinco de Mayo, the weekend of Cinco de Mayo, I have observed the San Jose Police Department close down public streets, namely Story and King, and in the downtown, Santa Clara street, first, second, and third streets, at an early hour when people were coming down to celebrate. Since at least 2005, if not earlier, freeway entrances and exits have been closed so that people have had to travel extra long miles going way out of their way to get off or on the freeway to get to the Eastside of San José. As far as I know, the San José police department do not harass and discriminate against other ethnicities celebrating other holidays in San José. I think this is about time that this end and allow the Mexicans and other ethnicities celebrate Cinco de Mayo and their full civil rights to do so.

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