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>> Councilmember Liccardo: The meeting is called to order. I would ask that we engage in our own roll call. Councilmember Rocha, here. Councilmember Campos here. Councilmember Herrera does not appear to be present but she will be here shortly and I'm Councilmember Liccardo. So three out of four and it bad. We'll move on to the review of work plan. We've got one item recommended to be deferred. Unless there's any discussion we'll entertain a motion.

>> Move approval.

>> Second.

>> Councilmember Liccardo: All in favor, that passes unanimously. There are no items on consent so we'll move right on to reports from committee. Regional transportation activities report, Hans, welcome.

>> Hans Larsen: Thank you, Mr. Chair, members of the committee, I'm Hans Larsen director of transportation. And just wanted to just highlight a couple of items in our regional transportation report. There are a number of positive activities that are happening in San José and the valley. First wanted to highlight is the success of the BART project and getting it extended into San José. There are a couple of ceremonial items that are coming up. March 12th there will be a celebratory signing of the full funding grant agreement here at San José City Hall in the rotunda with federal officials that will commemorate the award of a \$900 million grant for the BART project and that will be followed up a month later with a groundbreaking ceremony here in San José, near the site of the Berryessa BART station. That will be -- that's scheduled for April 12th. On the highway side, also, good news. A couple of key projects that have been priorities for us. And relieving congestion on our state highway system. The 101-Tully project will be completed this May, with a ribbon-cutting ceremony scheduled for mid-May. And then to continue the progress of completing improvements in the East San José-Evergreen area, we have a funding strategy to fully fund the 101-capitol Yerba Buena interchange project. That strategy was approved by the VTA board when they met last week. And so VTA has fallen up with the details of that with MTC and CTC and hopefully over the next couple of months that project will be funded. The other significant one is a full funding plan for the first phase of improvements at the 880-280 Stevens Creek interchange. And so that

project also strategy was approved by the VTA board last week and we expect the details to be wrapped up in the next couple of months. So both of those projects will go into construction, in addition to the 101-880 project. So we have over \$100 million of highway work that will be starting this summer, in addition to the \$2 billion of work on the BART project, in addition to \$1 billion of work that's in construction on the BART extension in Alameda County. So we have over \$3 billion of construction activities that are going hot and heavy and not only is this you know these are good transportation improvements that support San José and the valley, but it's also a lot of construction jobs as part of that. So those are the highlights of the report and myself, and our staff are available for any questions you might have.

>> Councilmember Liccardo: Thanks, Hans, great to hear so many construction workers will be getting to work. Lord knows we need that. Councilmember Rocha.

>> Councilmember Rocha: No questions.

>> Councilmember Liccardo: Councilmember Campos.

>> Councilmember Campos: Just a really quick question on the airport peplemover report. Was that -- if you could refresh my memory. Was that a requirement as part of traffic mitigation, the people mover? And what happens, you know, when the report comes back or if the report comes back saying it's not feasible and we never do it? So from a CEQA perspective is that going to affect anything?

>> Hans Larsen: Well, I think the -- we'll come back to this committee, I believe, I think we're on the calendar for May to come back with a progress report on that. And so I don't think -- our conclusion won't be that it's not feasible. It's a matter of what what's the right strategy to move forward with the project. But it's something that's part of the plan for the airport, to have better connections with transit. It's also part of the 2000 measure A program that identified moneys for the development of a rail-transit link between the airport and the transit lines on either side of the airport. So -- but certainly we'll have a lot more details on that, that project, when we come back. I believe it's in May that it's on the work plan.

>> Councilmember Liccardo: Okay, just to clarify that point, are it's not required mitigation under CEQA for airport renovation expansion, is that fair to say?

>> Councilmember, Kevin fisher from the city attorney's office. The -- there are a couple of issues. The Muni code required that the city identify the funding for the people move mover before we commence the construction of the terminal buildings which we did, as Hans mentioned within measure A. The CEQA issue, the master plan analyzes the traffic impact but as I recall, the analysis is not department upon the installation of the people mover.

>> Move to accept the report.

>> Councilmember Liccardo: Thank you very much for the motion. I just had a couple other questions, and when was -- about the study that's being done now on the automated transit network. I know we're all looking for the results, and this is certainly a great innovative concept that you're proposing here Hans. Are we looking at the impact of varying densities in the future and whether or not it becomes viable or more viable as different parts of the downtown become more dense? I would imagine that, you know, installing transit generally doesn't pay for itself much these days. But particularly, given that Diridon is not particularly built out yet, we don't nearly have the transit at Diridon that we hope to have at BART and other systems moving through BRT in the near future, is there sort of a longitudinal look going forward about viability and feasibility, or is this pretty much looking at the feasibility at this point in time?

>> Hans Larsen: If we could pick that up when we have it on the agenda, if we could have a full discussion on the technology, the viability of near term implementation and some of the business case issues around that kind of investment, we have studied it specifically at the airport. But it -- the use of this technology could have other applications in other parts of the city, particularly consistent with the envision 2040 plan as we intensify areas like downtown and other parts of San José -- downtown and other parts of San José. Happy to speak to it,

but would benefit with full staff report on the topic and happy to have a lively discussion on it in a couple of months.

>> Councilmember Liccardo: Okay, great. And then just one last question about BRT project. I'm hearing loud and clear, Mountain View and Sunnyvale are objecting to dedicated lanes through portions of El Camino. I'm not eager as a VTA board member to approve funding if we're not going to get the benefit and frankly I don't think we're going to qualify for federal small starts funding unless we get other cities to push for or at least allow it. We noticed to look again at that time Alameda and determine whether or not that becomes a court order -- that facilitates dedicated lanes in order to satisfy the small starts requirement.

>> Hans Larsen: I don't know if Manuel -- let me take a shot at it. So I think -- the project in San José, or certainly the Alameda portion, it's the section where there's four lanes.

>> Councilmember Liccardo: Right.

>> Hans Larsen: So it's not being contemplated to have dedicated lanes on the Alameda and San José. Where is being proposed in other jurisdictions to the north is where you have in El Camino, you have six lanes right now and the opportunity is to dedicate two of those for BRT --

>> Councilmember Liccardo: I recognize that that Hans but the project has to meet certain requirements under federal small starts funding to get any funding at all. I understand -- I think it's 50% of the funding. I might be wrong on that. So my question is, if they're not getting it in Sunnyvale or Mountain View, is VTA coming back to us, saying we have to look again at the Alameda?

>> Manuel Pineda, deputy director of transportation. Yeah, at this point, they have not. We have been working with them as part of the Alameda streetscape project. VTA has been involved in all the design elements of that project, as well as the station locations. And we have not received destiny word or discussion that they would like to explore additional possibilities for the Alameda.

>> Councilmember Liccardo: Okay.

>> So we are preset on the project from the Alameda section.

>> Councilmember Liccardo: Thanks a lot. Great. I know Rose had some questions.

>> Councilmember Herrera: No, I just wanted to say hurray because the VTA approved, we approved the funding for the last bit to finish the Capitol-Yerba Buena project, that has already been commented on, but I have to say that's great. Really appreciate your help Hans, making sure that happens, we had to do some reallocation of things with various projects including ones that affect San José too, so I think it's a very good outcome. I had one question on the capital light rail. I know it's moving forward, 50% completed I think right now. In terms of the pedestrian landscape and bicycle lane improvements on that corridor between capital and Eastridge. I understand there's a bit of a delay to some environment reporting required by the Feds. Can you shed any light on that?

>> Hans Larsen: See if Ray has some information on that. Ray Salvano, division manager for regional projects.

>> Ray Salvano Department of Transportation. What you're referring to is the federal environmental impact statement that the VTA is developing to federalize that project. Last that we understood from VTA was that they were expecting to hear back from FTA at any time in the near future, their response to their initial review of their federal environmental documents.

>> Councilmember Herrera: So that federalization then would allow us to seek funding for the -- actually moving forward on the light rail portion of it?

>> Correct.

>> Councilmember Herrera: But this is not -- it's not causing any display in terms of the phase 1 project? That we're working on out there the capital improvements?

>> Hans Larsen: The sidewalk land scaping project?

>> Councilmember Herrera: That's just in terms of the federal because that's all local funding exactly.

>> Hans Larsen: That was clear, falls under the umbrella of the statewide clearance of the project, using local moneys to develop that. So that's I think as a report indicates that's scheduled to be complete this summer.

>> Councilmember Herrera: July is what I heard. So is there anything else we can do in terms of the moving that forward, the federal environmentalist report?

>> Not that I'm aware of. We're operating all the 74th we can from VTA to take in advance of that project and to date we have done that everything we can and it's really left to the FTA in their review.

>> Councilmember Herrera: Is there a political land scape that affects that? I know the transportation bill has been challenged with, in the past there's been a real bipartisan ability to put those bills together and I know there's challenge right now in trying to move anything forward. Does that affect the FTA or is that --

>> I would say with the federal policy direction, eventually develops or is adopted through that, will be significant in terms of the opportunity to receive federal funds for the project. As you're probably aware there's a house version of the bill that's not friendly towards transit.

>> Councilmember Herrera: Wanted tie out transit as I understand.

>> Hans Larsen: There is a senate version. The Obama administration has proposed their version as well. So we'll have to see how that plays out politically in terms of the opportunities for future funding.

>> Councilmember Herrera: Okay.

>> Hans Larsen: But I think certainly as part of the City's legislative priorities and principles, we're supporting robust funding at federal level to support a multimodal transportation investment and that would include projects such as the capital light rail extension to Eastridge.

>> Councilmember Herrera: But this federal EIR that's not the same boat then in terms of this -- that's what I'm trying to understand.

>> Hans Larsen: I'm quite sure there are nuances there and we could refer that back to VTA staff more on the front lines of working with them on that.

>> Councilmember Herrera: I would like to get an update clarification on that.

>> Hans Larsen: We'll help facilitate that.

>> Councilmember Liccardo: One member of the public would like to speak, Roland LeBrun. I understand you have a presentation for us. You're not going to sing and dance are you?

>> No. All I have is two minutes.

>> Councilmember Liccardo: Here we go.

>> First of all, a big thank you to all of you, because if it wasn't for you, I wouldn't be here talking to you today. As you probably know, CalTrain's currently working with stakeholders and tenants with regards to an early investment in the peninsula, basically it's going to be a billion dollars of prop moneys and to be matched with another billion dollars of growth fund investments, and Mr. Liccardo knows it is time for programming MTC,

(inaudible) and then there will be an MOU between MTC and the authorities. I'd like to touch very briefly on Transbay, what's going on there, the funding. There's two phases. Phase 1 is the terminal itself which as you can see is fully funded and the issue is with the connection between transbay and basically CalTrain, which is estimated at \$2.6 billion. Next slide, please. So this was currently being presented, it's basically a cut-and-cover tunnel that's going to wipe out second street, is basically what you're looking at here is San Francisco's big dig, that's exactly what it is. \$2.6 billion. Next slide, please. So on this slide, what you can see is the current day, which is actually the work of our high speed rail engineer, Mr. David Dearborn, which is a different solution, which is a \$300 million tunnel that goes straight to transbay. It's actually high speed. We could actually hit the tunnel entrance at over 100 miles an hour, if possible. We'd be in Transbay faster than they could -- CalTrain can currently get to 4th and King. And as you can tell, San Francisco doesn't need any money, because they have now got \$300 million left in the bank. And in closing, looking at the next slide, please, looking at San José, this is what we need. We need approximately \$500 million for the station, a billion for the tunnels. I think that right now we could ask for \$250 million to be matched with the funding for the above-station, and that basically would take care of the station boxes, which we've been talking about. I'm also sure there would be enough funds left to actually do the complete design for the tunnels, and then we know exactly what kind of numbers we're looking at. And in closing, I would just like to make one last comment. It's that CalTrain have got some minor issues with regard to the legality of the blended system and the attorney general hasn't done a ruling yet. It would really be helpful if D.O.T. staff could sit down with the equivalent at CalTrain, saying to them what the City of San Jose themselves, high-speed tunnels, because it's really going to help them. Right now, they are 30 minutes at the Santa Clara boundary. With this, that get to Diridon in 28 minutes, thank you.

>> Councilmember Liccardo: Thank you, Mr. LeBrun. Thank you for the presentation.

>> Councilmember Herrera: Very efficient presentation.

>> Councilmember Liccardo: Yes. Hans, did you want to obviously present a lot of information I know it's coming before MTC in about a week and a half. I know this wasn't explicitly discussed in the report but I know it's of significance certainly to the city and the region. Did you want to comment at all about this, on the D.O.T. content?

>> Hans Larsen: We're actively working with MTC and CalTrain and other partners in the San Jose to San Francisco area, to look at opportunities to bring high speed rail investment to the Bay Area. So there is, as you're aware, the initial plan was to put the initial high-speed rail investment into the Central Valley. There is emerging a concept of trying to go forward with the Central Valley investment, but at the same time, make investments in Southern California and the Bay Area to enhance existing commuter rail systems and move them towards the ultimate high speed rail investment. And so the opportunity, as Mr. LeBrun mentioned, to bring in approximately \$1 billion plus into the Bay Area as part of a revised high speed rail strategy, something that we're very interested in. And I think most of the focus is looking at opportunities to electrify CalTrain and make it safer with positive train control and key grade separations and Ben triposus of D.O.T. staff has been involved in those discussions.

>> Councilmember Liccardo: Thank you, I just wanted to add, certainly a lot of attention will come onto this in the next week or two. These are really developments that have happened pretty quickly in the last few weeks and certainly nothing is set yet. But I certainly had expressed very clearly, Mayor Lee in San Francisco and others, that are concerned about the dollars that might come to these corridors that they not get sucked into one particular very small segment in San Francisco, as opposed to an entire line that needs to connect these two major cities. So I know that view will be expressed many times by many people, but hopefully we will all re-emphasize that message. Anyway, thanks, Hans. With that, there is a motion. All in favor? Any opposed? That passes unanimously. Okay. D 2 pavement maintenance. Welcome Jim.

>> Hans Larsen: Mr. Chair, members of the committee, I'm joined on our pavement maintain by D.O.T. assistant director Jim Ortbal. I don't think we'll be as efficient as Roland on this presentation. It is obviously a very significant important issue, and we're very much appreciative of the serious attention the committee and council are giving to the city's challenge on dealing with pavement maintenance and the overall condition of our streets. As we all know, this taking good care of our streets is an important interest that we have. In terms of the overall function of the city, the quality of life, and given that our streets make up over 20% of the developed area of our city, the appearance of our streets have a very significant influence on the perception and the quality of our community. We have 2400 miles of streets. If you took all of them, and lined them up end to end, you'd have a

road from here to past Chi. And the key challenge is that we have that many of these streets were built 30, 40, 50, 60, some older than that. But a big part of our street infrastructure is at the end of its basic life and there's need now of significant rehabilitation of our street network to continue to keep it in good operating condition. So we have an aging system. We have a alarming system. Unfortunately the last decade hasn't been good to us in terms of having revenues to help take care of it. At the national level, the federal gas tax, which has historically provided us funding support, has been stagnant for the last 20 years. It has not increased since 1993. And so with that as a background, this is a very tough issue and one that doesn't have any easy solutions. But I commend this committee and council for putting a lot of significant time into understanding the issue and what we'll be presenting to you is some policy directions that we're recommending, in terms of setting priorities over which streets we should apply our limited resources for, is as well as what we'd like to do is facilitate a discussion about funding options. How do we look forward in the future, try to bring more resources into addressing this topic. So just to highlight some of the significant attention that the council and committee have placed on this issue, as you recall, a year and a half ago, the council had a full afternoon study session on this topic. Where we really kind of dug into the details of where we're at and better understanding the issue. We've built on that with direction to come back at least annually, with updates and a recalibration in terms of our thinking on addressing this issue. And so we were last back in front of this committee in October of last year. And then to the city council. And one of the significant actions that came out of that was direction to pursue setting some priorities on where we would apply our limited street maintenance funding resources. And so we have recommendations for you here today which I'll describe in a little more detail. And at that time there was direction to come back in March with follow-up on that topic as well as additional analysis and options in terms of funding. So that's what brings us to the current time frame. And I think that while it's been very difficult and we have been challenged with the limited resources I see today with the recent announcement of our General Fund budget shortfall is actually a little bit of a surplus and with the improving economy here in San José and Silicon Valley, it does present us I think with some glimmer of hope that there's some window of opportunity to bring some more resources into dealing with pavement maintenance. It's not all doom and gloom and I'm a bit optimistic as far as what we're seeing ahead for us. In terms of the basics, we have a 2400 mile street system. The overall condition is rated as fair. And we have this zero to 100 point scale that is pavement condition index. With the top being excellent, very good, and the -- if you're below 50, you're in poor condition. So we're overall fair, 64. There is a distinction between our major street

system and our local street system. And we have, of the 2400 miles, 800 miles are what we consider major streets. And these are the major arterials and collectors that carry most of the traffic in our community. They're also what we refer to as our general plan streets. So the streets that are specifically identified in the General Fund as our major thoroughfares. That segment of streets, are better than overall city average, PCI 74. That is primarily a function of a lot of the funds that we receive, all of the federal grants that we get, and many of the state grant funds, are targeted towards the major street system which has more regional benefit. Two-thirds of our streets are the local neighborhood streets. 1600 miles. And you can see the condition of those, 59 PCI is still in the fair range but certainly, in the lower end of that category. As we've discussed with the committee and council, our goal is to have our streets be better than the current fair. We'd like them to be in good condition at PCI 70. And it would take about \$100 million a year for the next ten years of investment to be able to improve our streets to that level. Unfortunately, we only have like \$18 million a year, as we look in the next five years, in terms of average level of investment in the next five years is about \$18 million annually. So we're faced with a significant challenge of only having about 18% of the funds that we need to meet our condition goal. Our streets are in a state of decline because of a lack of investment and we're finding that about 21% of our streets are rated in a poor condition. The root cause of -- or the root issues related to our streets really is attributed to the levels of funding that we have to invest in pavement maintenance and repair. So this chart here, hopefully, you're familiar with. We've used it in our update reports, is a 20-year look at funding for pavement maintenance. Looking back 15 years and then projecting ahead five years and you can see that the best that we've done in this 20-year period is a little bit over \$40 million. So we've always been -- had a significant underfunding of our \$100 million needs. And as a result, you know, we find ourselves having roads in a state of decline. Couple of things to point out. The red bar represents the City's investment in pavement maintenance. Can you see in past years we invested about \$10 million a year. But because of our economic challenges and budget challenges we're down to \$1 million a year that we're putting into pavement meant that's primary from development taxes that we received that are eligible for nap the green lines represent mostly federal moneys or one-time state grants and you can see that they pulse in periods of time when there's an interest of support. A drop off most recent activity, the green bars represent the federal stimulus program, as well as the state prop B program where we got significant one-time moneys. And you can see the great improvements that that's had, but those were one time funds. A positive element is that voters recently approved measure B which is a \$10 vehicle registration fee increase. And San José's share of

that, of the funds within Santa Clara County is \$5 million. So we can see a much, much needed, you know, boost of funds, of \$5 million. Again on a scale of needing \$100 million, it's relatively small-side but every little bit is certainly helpful. This chart represents the impact of no additional investment. And this is something that's concerning to us, is that we're seeing the backlog of streets that we have that we're deferring maintenance and streets that are falling into poor condition has increased in the last couple of years. We're now at about \$293 million. And 21% of our streets are in poor condition. If we remain at an \$18 million annual funding level through the year 2020, we will see that backlog increase to \$860 million and more than half of our streets will be in poor condition. This is an outcome that we don't want to see happen. And that's why we're all collectively focused on finding new ways to bring in revenue to help address the issue. Because of the declining condition of the streets we find ourselves having to do more pothole repair. And I wanted to just make sure that there's a clear distinction of having safe streets and smooth streets. A top priority for the Department of Transportation is to make sure our streets are safe. And so if we have a pothole that appears, and oftentimes they come after rainy weather, we will fill and deal with that pothole within a 48-hour period. So we want to make sure our streets are safe. But we have found that in the last four years the amount of pothole repair or really emergency response has been steadily increasing. And that's a reflection of more and more of our streets are in poor condition, and they form potholes much more easily. There are a couple of things on the positive side. This last year we participated in a new recycled pavement process that's still somewhat of an experimental process. We had great success with implementing a project on Monterey highway, using a process where we recycled the asphalt in place and then lay it down immediately thereafter and then do an overlay. And we achieved a 23% cost savings using this new technique. And we overlaid the streets with rubberized asphalt and put back on our roads 17,000 used tires as part of the final asphalt layer. So we are very pleased with the results of this project. I do want -- this is not something that we could use everywhere in San Jose. We think it has some limited applications, generally street in poor condition, it's a long stretch of roadway in poor condition. Probably not an application that would work well, you know, within our neighborhood streets. But we are certainly looking at other places where we can do this and use our limited funding resources in the most efficient way possible. Another thing that I think has been good news is that for a variety of reasons, it's been very beneficial for San José to have local control of former state routes 82 and 130. This is the Alameda. Alum Rock avenue, Monterey highway, the council approved an agreement with the state in December that brought in 12 miles of new streets into our inventory. Unfortunately,

those streets are mostly all in poor condition but fortunately we've been successful in receiving over \$12 million of federal grants that we facilitated through CalTrans and MTC and CTC. And last month, all the different approvals that go into allocating the \$12 million for us have been completed. So we got everything for us there. So in the next couple of years we'll be delivering those projects. And so on the one hand we've got a bigger inventory, we got more poor streets, on the positive side is, we've got the resources to be able to take care of those specific streets. Wanted to highlight some of the recent information we received through the city residents satisfaction survey. As the council will recall, City Auditor's office puts out an annual report on service efforts and accomplishments and included in the report they put out in December and was discussed with council was a feedback from the community on their level of satisfaction for key city services. There were 36 services described, was selected here kind of the big five, fire, parks, library, police and street repair. And at the bottom of the list of all 36 services with a 21% satisfaction rating is street repair. And so we're hearing more and more from our community about the need and interest and concern on this particular topic area. We also receive annual benchmarking information from MTC in their annual pothole report. And unfortunately San José ranks worst of all jurisdictions within Santa Clara County. And we're in the bottom third of all jurisdictions within the Bay Area, ranking 75th of 109. And so what this is all leading to, with that as the background, some of our first key recommendation that we have before you is the consideration of adopting a priority street network. And what we have identified with the prior direction of this committee and council is really looking at, with the limited moneys that we have, the 18 million out of \$100 million need, what would be be the best place to apply those resources? And so with feedback from the community, we looked at a variety of things that align with city council policy direction related to envision 2040 plan. And our goals there for identifying priorities for grand boulevards and main street. We looked at our economic development strategy which focuses on having our job and retail centers in good shape. We focused on sustainability goals related to supporting more transit use and biking. And we've looked at a number of equity criteria. Councilmember Don Rocha brought up the issue of making sure that there's balance throughout the community, and particularly the major streets within our residential areas. Are served through this priority process. And so we believe that we've kind of pulled all these criteria together and identified a map, which is shown here, and is in your staff report that identifies really the 400 miles of streets that we think are most significant for the San José community. So we're recommending the adoption of this system. And this would become our priority for applying future pavement maintenance activities. Our staff report

has this chart in it, call it -- some people have a bucket list that sort of guides the things that they want to do through their life. This is I call it our bucket chart, where we identify how we would allocate our limited pavement maintenance resources. And at the top of this chart is our priority for having safe streets. And so where we need resources to take care of potholes as they occur, and to have a well managed system, and being able to do the work to apply for grants, and have -- manage our pavement management system. There's a total allocation, say off the top about \$4 million to deal with urgent repairs and efficient program management. So we'd consider that the top priority. Then we're dividing the rest of it into the three buckets in the bottom. And the priority street network is about half of the major street network that we have. And so we have a total of 800 miles. So we would say we don't have enough to do all 800 miles. But almost can do half of that. And so the green bucket on the left on the bottom represents our priority street network. It would take about \$16 million total to cover that. And if you take the \$4 million for the pothole repair, and system management, that -- with the \$18 million we can cover about \$14 million out of the priority street network. So \$2 million short from being able to kind of fully fill that bucket and cover it. We would then recommend that we would, in new revenues, that would go towards the other major streets in San José, and I think one thing that's significant is that if you look at how much travel is on our major street network, so 800 miles of our 2400 miles or about a third of them, that system supports 87% of all the travel within San José. And so clearly, a vast majority of the movement on the city is on that major street network. And we feel that we would recommend the priority go towards having that major street network in good condition. The last bucket on the right, the biggest one there represents our local neighborhood streets. And so these are the low-volume neighborhood streets. They represent two-thirds of our inventory, carry about 13% of the traffic, and it would be \$64 million that we would need annually to be able to address that. That's clearly our biggest challenge and one that we likely would need to find a local solution for. Because most of the regional sources of funds, particularly federal grants, they're not even eligible to be applied towards that part of the network. So I think the -- what we see as the funding challenges are really kind of fully fund the priority street network, \$16 million for the major streets and then the balance of \$64 million on the local street network. So the other part of our recommendation is to continue to explore funding options to bring in increased revenue. And we've highlighted four different areas to focus on. The first one represents what I think if we have as a near-term opportunity with this budget process to look at increasing city funding. And I think with the -- the status of increased revenues that we have particularly in our capital program, perhaps some opportunity with the general fund, I think that there's --

there is some -- I expect recommendations from the administration on doing what we can with our budget resources to help address this with the upcoming budget process. The second category is looking at new forms of revenue. And just last week the council provided direction to staff to consider some items for a November, potentially November ballot measure, focused on sales tax and bond measure options. So these are things clearly that staff is going to be working on based on the council direction that we have looking at potential new sources. The third one up here on the list is something that we think might be viable, probably not in the immediate near term, but this would be looking at extending and amending the VTA transportation sales tax. As you know, in 2000, the voters of Santa Clara County approved a half-cent sales tax for transit, within Santa Clara County. We are, because of the sales tax program we are one of 19 self-help counties within the state of California that tax themselves for transportation investments. We recently did some research on this issue and found that we are the only county that, out of these programs, doesn't provide money back to cities for local transportation needs or particularly pavement maintenance. And so we're somewhat unique, in that we've made our investment exclusively on transit. And that's important. We want to get BART here and make other transit investments. But we think that given other parts of the state, are investing in local pavement maintenance through these programs, in a way everyone else is getting funds, and we are not. So this is an area that by potentially extending the duration of the program, and making the uses more flexible could be a way that we could bring more funds to San José. Just in terms of context of that, if you look at what the other counties have, and if we were to apply something similar here, this is not something that's going to solve the \$100 million problem. It would probably be something in the range of ten to \$20 million. But again, every little bit helps. And the last category is something that we've continued to advocate for, with council direction, is increasing funds at the federal level for transportation. And policies that promote, let's fix the infrastructure that we already have as a first priority. That's part of council direction already. And we'd hope to continue to advocate for that at the federal level, as part of the new federal transportation bill. Whenever they get around to doing it. As you know, they're more than a couple years behind on the reauthorization. Couple more slides. We got feedback from the community in terms of the budget survey. And that polling did have some questions regarding a parcel tax and a sales tax. The parcel tax which needs two-thirds approval received 51% support for a \$95 parcel tax, so that's a bit discouraging, given a fairly limited level of support for that. Much more positive was the public's interest in a sales tax. And a general sales tax measure which could include things for general pavement maintenance received 65% support. And that

support level was consistent for both a quarter-cent and a half-cent sales tax. So I think that's somewhat encouraging as a potential opportunity. As you're aware, we had a priority-setting session with neighborhood and youth leaders in the city. And that produced some interesting results in terms of support for investment in pavement maintenance. And here, the community leaders were posed the question or opportunity about a parcel tax investment for street repairs at a 100 or \$200 level. And a little bit different from the general community response, a much more significant support. 64%, seven of the 11 tables, and at these tables they have to approve it unanimously within the table to fund at these levels. I might note that there was an eighth table that supported money for pavement maintenance but proposed to use a sales tax. So overall there was 73% of the tables supporting investment for street repairs at a fairly significant level. Last week we also provided the council with information responding to a question about what San Francisco has done, and they face a similar situation with aging streets. Their street conditions are very similar to San José. And they put a lot of attention towards generating money to help deal with their issue. And the voters in San Francisco approved, and last November, a \$248 million general obligation bond for various road improvements. It barely squeaked by with 68% approval. It needs two-thirds. Their program interestingly did fund a variety of different transportation improvements. The majority of the funds were for street repairs but they are also doing work for their bike-ped programs, curve ramps and traffic signals. You can see the structure of their program what the cost is based on the value of the property. So larger properties, commercial industrial properties would pay more based on a prorated share on of the assessed property value. As I mentioned briefly, last week the council provided some direction on considering tax measures for November. Potential tax measures for November and particularly focused on sales tax measures, business tax increase and a general obligation bond for street improvements. So the city administration is following up on this, and particularly, the second part of the direction is to do outreach with the various stakeholders, business groups, neighborhood groups, taxpayer organizations and labor organizations. A point I wanted to make, too, and with the polling and the feedback from the neighborhood leaders, is I think one of the senses that we get is that with information on the issue, which the neighborhood and community leaders received when they consider the question of investment, there was a much higher level of support for the investment if they had more context or information. As opposed to you know, a kind of a call-up to the public. And so the idea of providing an outreach and education we think is one that can certainly help the success of the potential measure. And last slide here is a recap of the recommendations we provided you, forward

recommendations to the city council on two issues, the approval of the priority city street network and then also the strategies related to pursuing new funding opportunities. And with that Jim and I are here to address any questions that you have.

>> Councilmember Liccardo: Councilmember Herrera.

>> Councilmember Herrera: Thank you, Chair. Hans, good report. Thank you for giving us such a thorough report in terms of all of the funding opportunities. As well as current status. And I think all of us, every day we drive on the roads, are reminded how badly these roads need some attention. I had a question of the 800 miles of major streets that you're looking at. So it looked like the majority of them received a 74, a higher rating than the local streets. What percentage of those would be in a lesser condition? Do we have some of those streets that are in poor condition? So what percentage would be, I guess is what I'm asking.

>> Hans Larsen: That's a good question, one we don't have the numbers here. Exactly for you. But I would be happy to follow up on that. But in general, is that most of the streets that we have that are in poor condition are part of the local street network. We do have major streets in poor condition but it's certainly a much smaller smaller percentage.

>> Councilmember Herrera: If these are in poor condition are those being prioritized, since you recognize the fact and talked about the fact that a large majority of the population rides on these depends on this 800 miles of these critical streets. So I would think that if there are some of those that are in very poor condition, they would be prioritized to take care of that.

>> Hans Larsen: Yes, and I think certainly the -- for example, federal stimulus funds actually had to be used on streets that were in poor condition. We have targeted either our revenues or most of the funds we received are from regional state and federal sources.

>> Councilmember Herrera: Right.

>> Hans Larsen: And so there has naturally been a prioritization on the street network already. I know we do have some that are still in poor condition. But with be -- certainly if council adopts this direction, we would focus the limited resources on the first 400 miles of that major street network and then as we receive more moneys we can address the others. The balance is, is that using the funds most effectively, there is an orientation towards preventive maintenance. So with a smaller level of investment we can keep our streets in fair, good condition, and avoid having them go to poor, it's a much smaller investment to be able to do that than to go after the poor streets which cost a lot more to deal with. But given the volumes of traffic and you know the major streets that are in poor condition, those are the areas where we like to see the potholes pop up. And so I think there is an orientation to take care of those, as resources become available.

>> Councilmember Herrera: So I guess I'd like to know and if you can't answer this now, maybe you can get back to me on this, of your plan here of the streets we're looking to invest in which of those are in poor condition? I kind of hear what you're saying. If they're in really bad condition we're going to have to spend a whole lot more money, than the streets in, say, I guess middle-of-the-road condition, to even bring them up to any kind of condition, we're going to spend a lot more money when they're in poor condition. So are we -- I hope I didn't hear -- we're not abandoning like streets that are in that really poor condition and not doing anything on them because it would take -- it's too heavy of a lift, and so we're just sort of saying -- I'm asking, are we doing that?

>> Hans Larsen: Yes, I think just to interpret our recommendation --

>> Councilmember Herrera: I just want to understand --

>> Hans Larsen: -- if we have streets that are in poor condition on that 400 mile network, we would be taking care of those.

>> Councilmember Herrera: Okay, great, so we're not -- okay. And then in terms of the pothole, the \$4 million in the pot for the potholes, that sort of -- I would guess that's safety, right, so that comes ahead of the

maintenance. So if we need more than \$4 million, if we have more potholes because -- and it sounds like from what you're saying, unfortunately we're going to see more potholes because the streets are going to get in worse and worse shape, is that going to take away from the maintenance money, then, are we going to have to increase --

>> Hans Larsen: It would, and that's our concern, is that -- I think that would be what we are recommending, is that the money we need to deal with emergency pothole is absolutely a priority from a safety perspective. And so as -- if our streets decline into worse condition, we're going to have to put more money in that pothole pot and then we have less to deal with rehab and preventive maintenance.

>> I think it's safe to say though councilmember that filling potholes, although is costly, a costly way of doing business, the volume of that compared to doing preventive sealing across the whole network or rehabilitation in areas we need it is not as significant. We don't see that number growing to such an astronomical level that it's going to make a huge impact on the overall amount of money we have to do preventive maintenance or rehabilitation. It is not that big a piece of the overall maintenance requirement. Certainly growing, certainly a concern to us. But in overall dollar terms not nearly what we need to do preventive maintenance or rehab over the entire network. If that makes sense.

>> Councilmember Herrera: That makes sense. I'm supportive of coming up with some kind of a solution that looks like we need more revenue in this picture and the idea of looking at what San Francisco did, looking at a bond measure, I think the citizens are really tired of the condition of these roads and would like to look at a solution for it. So I'm very in support of looking at that. At least down the road, no pun intended, but you know, trying to really address these problems. Thanks again for the support and I'll be supportive of your recommendations.

>> Councilmember Liccardo: Councilmember Campos.

>> Councilmember Campos: Thank you. So what happens to failed roads? I mean there's poor condition and then there's roads that are failed, you know, they are beyond potholes and they're beyond those patches, those long patches that you have to -- you know, treat them in order to bring them up to not being dangerous anymore. What happens to those?

>> Well, I think once a street is in poor condition, yeah, there's worse than poor, it's failed as you mentioned. There's a different level of investment that's needed to improve them to a good condition. So street in poor condition you do a lot of dig-outs and repair the bad spots and overlay it. A street that's in completely failed condition essentially you rip the whole thing out and start over. That certainly would be another level of investment that to fiction up a street like that.

>> Councilmember Campos: Do those wait or do those -- I mean because a failed road is certainly going to constitute an immediate danger to public safety. I mean, what happens to those? Do those jump to the top of the list as to you know, we got to do something or else we're going to -- someone is going to get hurt or worse. And you know we could be liable.

>> I have two different things on that. First off if there are specific safety-related hazards we certainly want to do what we can to bring them to a condition where we don't believe they're unsafe. If it's filling potholes and those things, we definitely want to be made aware of them and to do what we can on those roadways. The recommendation we have before you today, though, establishes or recommends establishment of a priority network and a residential network. We are recommending really focusing essentially all of our resource except pothole patching and safety related repairs on the priority network. So we will continue to try and manage and maintain the priority network of 400 miles. So if there is a street that's in very poor condition, we would assess our available resources on an annual basis and see what we could do. Could we schedule that street for a more significant rehabilitation, reconstruction. But we weigh the best use of those resources on a priority network.

>> Councilmember Campos: Just because we stated here because it was in the staff report, that as the state relinquishes those state routes, along with that relinquishment is the relinquishment of the resources to bring them up to par. Is that correct?

>> Hans Larsen: That's correct. Yes. We were pleased that we have gotten all the approvals that we need for the funding to improve those streets, so here we have the project the Alameda will be scheduled for rehabilitation work this summer. The Alum Rock corridor, we are integrated with the VTA's BRT project and the Monterey highway we will schedule for next year.

>> Councilmember Campos: Okay, and just going back to, and you don't have to put it but the slide that you had the paving machine that recycled the asphalt.

>> Hans Larsen: Yeah.

>> Councilmember Campos: So you had made the -- you had made a statement that you -- we couldn't use them for all of our streets, it wouldn't be -- I don't know if it wouldn't be practical to use them in neighborhood streets. Why wouldn't we want to do it from moving forward from here on in if every time we use it we're going to have a savings?

>> Hans Larsen: Yeah. If it gets -- part of the savings is just sort of the economies of scale or the mass production element of it. And I was out there actually seeing the operation. But it's literally a train of, you know, different vehicles that follow each other to do that operation. So it lends itself to streets where the whole street needs to be, or at least the top layer needs to be ground down and laid out. It works best on straight streets. Ones you don't have interference with overhead trees. But all of the utilities within the street, whether they're the manholes for storm drain, sanitary sewers, for water lines, gas services, those all have to be adjusted down so that when you do the grinding, you know, you don't impact those. And so within residential neighborhoods, you have a much kind of more dense element of conflicts that would have to get cleared away. And so the cost effectiveness of that is significantly lessened on a smaller street level.

>> Councilmember Campos: Okay. And just you know and every time I talk to you Hans I'm always bringing this up. As you identify street designations, grand boulevards or major thoroughfares or neighborhood streets, some of our neighborhood streets have by default turned into more major than they were actually intended for. We all have them in our districts and I think if you go down those streets you'll find that those streets have failed or are in poor condition more than roads where the only time someone goes on them is when they're leaving or going to their home from somewhere. You see those streets in much better condition. I would like to see a little bit more attention placed on those streets as to how do we include them? Almost a tier in between you know some of your designations. Because those streets are going to go from poor to failed very quickly if we don't do some about them.

>> Hans Larsen: Yeah, I would say they're kind of our focus is looking at the major streets, so that \$64 million bucket open our local streets, I would love to have the discussion with the committee on, if we have money for that pot, I think we'd have similar discussion of, okay, what are the priorities within our local neighborhood street network. I think applying some of the thinking we have on this is the streets that carry the most traffic and are the most significant to neighborhood circulation. Certainly that would be our orientation to you know, address those as priorities, as part of the local neighborhood street network. So I hope yeah we get to that point where you know we can have that conversation. Councilmember Campos, just to your earlier point on the new innovations. If we can save money, we saved 23% on Monterey highway. If we find that application works and we're saving 5% we'll absolutely do it. We'll absolutely look at the most cost-effective way to do our street maintenance work.

>> Councilmember Campos: And just to be clear, those streets that I was talking about in neighborhoods, those, they were not intended for the amount of traffic that they handle. And that's because people don't want to wait for a major thoroughfare when they can cut through one of these neighborhood streets. Unfortunately a lot of people do it, and those streets have deteriorated much faster than what we thought they would. Those are my comments. Thank you.

>> Councilmember Herrera: Don.

>> Councilmember Rocha: Thank you. First I'll start with thanking you for your work. Thank you thanking you for your work and taking on input and suggestions that the council has provided and also from neighborhood leaders. Thank you. This is fantastic. I'll move to accept the report and also to include the report for the city council with the recommendations as you listed. Let me suggest as you go forward, when the reference to the sales tax or parcel tax or bond measure that we also keep -- well, we also stay open to an off-cycle election. Because we all know what November is going to look like and I'm probably going to be encouraging my colleagues at some point that it might be in our best interest in seeing anything we do in November or considering for November if we really want to see an good outcome we might want to consider an offcycle election.

>> Second.

>> Councilmember Herrera: I'd like to add onto it if I could to the comments that Councilmember Campos made in terms of maybe looking at -- in our next round, taking a look at what those streets would be in the local streets. Seeing if there is a category that would be a priority.

>> Councilmember Rocha: I didn't really get a sense from staff that's something you can work into the report.

>> Hans Larsen: Well I think there --

>> Councilmember Herrera: Recommendation in the future.

>> Hans Larsen: I think the council direction from when we had the study session a year and a half ago was to come back through this committee on an annual basis and addressing the issue. So certainly we can take that back as part of our future work, looking if we are fortunate enough to have money to go towards local neighborhood streets, begin to frame up like we did six months ago, what would we think about in terms of priorities. And get that out there and have a discussion with the committee on what that would look like, and hopefully, we'll have some resources to be able to address that. So we would be happy to follow up on that.

>> Councilmember Rocha: Councilmember Campos many does that capture -- then I'll include that as part of the direction.

>> Councilmember Herrera: Okay. Before we vote on it, David Wall, member of the public wants to come and speak.

>> Good afternoon, and I would like to thank our director of D.O.T. for his report, with two exceptions, I would strike the -- any information gleaned from the budget conveyor that was sent out, and these neighborhood little poker games with the tables. I have no respect for that type of information-gathering. What is really needed from the council is a viable economic plan. A generation program, the streets are always going to wear out. How you set up the financial structure to where citizens can have trust in your pleadings for revenue increases. Because as it stands today, and I'm not blaming any councilmember or anything, but in accumulation of past council conduct with all these, this is a nonfunded, unfunded liability, streets. In other words, councils have repeatedly shown they can't be trusted in making decisions, when it comes to infrastructure. So the plan is first to create maybe what would be called a restricted use fund but spread over a generation. And every generation would pay into it because it's going to need it. Secondly, priority streets should be also linked to service of the water pollution control plant. Because if you have to tear up a street you might as well tear it up where you need to rebuild the collection system. So that should be part of the process. I'd like to thank the very good people that work at D.O.T. They've struggled and still struggle to make our streets safe. Because there isn't really a plan of attack, from you folks, on how to sustain it year after year. There is some grindings to be done, director, on all the handicapped cutouts. Say in my neighborhood for the most part. Asphalt lip, if you're in a wheelchair that asphalt lip is such that you can't get your wheelchair over it. So it kind of defeats it and there's a pothole in the middle of Taylor and North San Carlos street where the cursed circus is so you may want to fill that.

>> Councilmember Liccardo: Thank you. Mr. LeBrun.

>> Very briefly, we had a strange situation last year whereby we'd be you know driving on the capitol road, we live in District 2 which is in really poor condition. And then we'd get onto the freeway, we'd get on to 85 northbound, and hello, they are repaving 85. Why are they doing that, there is nothing wrong with 85. So we started digging around and we found what happened is that CalTrain got I think \$180 million worth of ARRA funds. And the bids came in so low that they basically ended up with \$60 million in the bank. And so they say, okay, great, let's just blow the \$60 million and go around repaving freeways streets that don't need repaving. And you know, from a taxpayer's point of view, it's really frustrating. And I'm really wondering it would be a way to put in legislation or some kind of mechanism in there, that would make it possible, make our situation like this, when there is a surplus, to reprogram this fund from CalTrain to local roads. Thank you.

>> Councilmember Liccardo: I'll second that motion, Mr. LeBrun. Thank you. There is a motion. I would like to belatedly jump in with a cushion of questions. Hans if we were to do trip counts or traffic counts on streets, do you think we'd end up with precisely the same streets as being the proposed priority street network, or do you think it would vary significantly?

>> Hans Larsen: I don't think it would vary significantly. So I mean we did apply major streets with high volumes as part of it.

>> Councilmember Liccardo: Sure.

>> Hans Larsen: There -- lets see -- I would say generally I mean there's good alignment between lie-volume streets, what's designated in the general plan as grand boulevards and main streets. I think we did look at the high frequency bus routes. And those are -- there's a lot of overlap there between the streets that carry a lot of traffic. We looked at probably the areas that were maybe a liberal of difference is, we looked at streets on our priority bike way network. Included those, so on those cases those are a little bit lower volume so those are important to our bike connectivity. And then we did emphasize our retail and employment centers. So there's probably a larger concentration of streets that are in North San José downtown and the Edenvale area, that you know, may in some cases, there's some lower-volume street in there but because those are important economic

development centers you know we put those as part of the priority. But I would say for the most part there's a pretty strong alignment between traffic volumes and the 400 mile network that we've recommended.

>> Councilmember Liccardo: Okay. Thank you. I guess building somewhat on Xavier's questions I think is an important one. And I imagine that we certainly don't keep routine traffic counts on all of our streets, right? That's a considerable amount of effort to get out there and do a traffic count with the mechanized we don't have that kind of data, is that fair to say?

>> Hans Larsen: We actually do. It's part of to support EIRs for private development work, when they do traffic studies, we maintain current counts for most of your signalized intersections. So you know that's a large part of the major street network. The VTA is the congestion management agency does require annual or every two year monitoring of our major street systems. So we do have data. Certainly on the major streets and then you know as issues or requesting come up within neighborhoods we do occasional counts. And so we maintain a database of information on counts on our streets, either are required to, supports the private development, or it's through study work that comes up occasionally.

>> Councilmember Liccardo: Okay, so then as hopefully more money becomes available we might be able to rely on some of that data to help guide us as we're expanding?

>> Councilmember Liccardo: Absolutely. I think in that second bucket of major streets, so part of the major street network that is not on the priority network, if we get into, I think it's \$16 million, if we had \$8 million, I think we would probably look at which of those carry you know the most volumes would be a significant priority factor on looking at the next level. And then certainly with Councilmember Campos' comment about neighborhood streets that are cut-influences or carry higher volumes, that that certainly would weigh on our minds as that prioritization factor.

>> Councilmember Liccardo: Thank you. Last question. Looking at the bond option which maybe a little more politically viable approaches, recognizing that you've got to have a certain lifetime there to pay off all those bonds

that you'd be issuing, would the strategy be something along the lines of issuing bonds, recognizing we don't have the underlying General Fund and basic disposable revenue to be able to carry on the \$100 million of maintenance we need to do, try to bring as many roads up to high quality as possible and then get to the next bond measure, essentially? By you know maintaining at the level we possibly can until we can get to another bond measure, is that sort of the long term view about how we'd get there? I think we all recognize the \$81 million is not going to materialize tomorrow.

>> Hans Larsen: I just had a couple of comments and invite Jim to expand on it. I think one of the things with bond funding is that there are limits on using those funds for preventive maintenance and sealing.

>> Councilmember Liccardo: I recognize that.

>> Hans Larsen: So that's our restriction on that. So our thinking if we did do a bond measure it might likely be oriented towards the streets that need you know major rehab repair. So I could see a potential bond strategy being -- going after the streets that are in poor condition, part of that's \$293 million backlog of deferred maintenance and streets in poor condition. So that would match with how we can use bond funds.

>> Councilmember Liccardo: Okay.

>> Hans Larsen: And would get after perhaps what might be compelling to voters is we're taking care of streets that are in worst condition. But ultimately we think the best thing is to have a combined strategy of dealing with the worst but also, doing appropriate level of preventive maintenance so we don't have more streets that get into poor condition.

>> Councilmember Liccardo: Okay, well thank you. I know there's a motion on the floor. Unless there are other questions, all in favor? That passes unanimously, thank you gentlemen. We'll move on to item 3, CEQA mitigation monitoring, status report. Hi Laurel.

>> Laurel Prevetti: Good afternoon. Laurel Prevetti, assistant director for Planning, Building, and Code Enforcement. This afternoon I'd like to give you a quick status report on where we are with mitigation monitoring. As all you know we are required to monitor all of the various mitigation measures that we identify in environmental impact reports as well as negative declarations. As we've mentioned in previous reports to you, we are still getting ourselves organized in terms of how San José can do this most effectively. We've been benchmarking with other communities, that actually invest a fair amount of staff resources to do all of this monitoring. We recognize for San José that's not a sustainable model. For trying to find the right balance in terms of the type of work that city staff need to do and then also balancing it with what are the appropriate requirements, that really the developers or project applicants need to do to demonstrate their work. So in your report we've identified a different approach for mitigation monitoring. And on page 3 of our report, we identify a proposed structure for monitoring efforts where we would essentially identify the types of monitoring that we'd need to happen by the private developer. And so they would need to document how they have monitored their item before they go on to the next milestone in the development process. So for example, if they need a grading permit, before they get their grading permit they would need to demonstrate that they had done the appropriate biology studies and other necessary studies in order for them to be awarded the grading permit. We feel that that more closely ties the behavior to the outcome. And that we will get a better result. We do recognize that there are certain field verifications that really are not being done at all right now. So we recognize that this is an effort of how San José could do better. And then also, making sure that we have appropriate enforcement tools, should something not happen over the many years that some of our monitoring needs to happen. On Page 4 of your report is a summary of mitigation monitoring funding. Our current fees and charges provide for the preparation of the mitigation monitoring report. But it does not cover all of our costs in terms of the ongoing monitoring. So we are in conversation with the development community. We met with our developer round table last Friday. And made a proposal to them that we are looking at a new fee structure that is more closely pegged to this approach of monitoring by permit type and by issue. So rather than doing a blanket fee that would cover everybody, we would do a more tailored fee, so that way a big developer would pay more if they have more mitigations. If they had less, they would pay a lot less. Of course our developers are very concerned about any new fee because of the price of doing business in our community. So we are still sharpening our pencils so we don't have a specific dollar number for you today. But we are also trying to get serious and make sure that San José is doing what's

required under state law to make sure that we are monitoring all of our -- all of those mitigation measures that have been approved with the very many both private and public projects that our council has approved. So we're still working with our development community. We are hopeful that we will have a fee proposal for you during there budget cycle as we go through fees and charges but we would still want to have dialogue with the development community. There is a chart, I'm not going to go through it in detail, in attachment A that gives you a sense of the types of impacts and the types of mitigation measures, when they're typically required and the verification methods so that way you can have a tangible example. So for example if we have impacts to bats or burrowing owls, we need a survey by a qualified biologist prior to construction, and then that would need to be verified prior to grading, building permit, or demolition permit. So that could easily be done through a survey report. That could then be provided to planning staff, and then we would work with Public Works to issue the permit. So we're trying to figure this out as a partnership. There's certain things again the developer needs to be responsible for and then certain things city staff needs to be responsible for as we go through the permitting side. And with that, I'm available for questions, so it's -- this is definitely a work in progress but we wanted you to see the progress that we are making. And then for your benefit, as well as for our public, if you are interested in mitigation monitoring reports, they are all available up on our Website. So you'll know what those mitigation monitoring programs are. So if there's a specific project that you're particularly interested in, you can see what all those mitigations were. And that concludes our report. Thank you.

>> Councilmember Liccardo: Thanks Laurel. Any questions? Councilmember Herrera.

>> Councilmember Herrera: Thank you. Laurel, what if any risks are there, or any potential risks in our current status with mitigation monitoring?

>> Laurel Prevetti: Well, when we're not in compliance with state law, it certainly gets the attention of a lot of our stakeholders. The Audubon society for one has been a really interested partner as we've been going through this the number of years. Particularly on some of the owl mitigation and other mitigation. Riparian mitigation. So we are really trying to daylight how our development projects have performed. So that way San José can be in compliance with state law. There is no punitive damage that I'm aware of or fiscal implication to the city. But

again, it is a requirement and I think for our public we want to make sure we're making our best efforts to make sure all mitigation is implemented.

>> Councilmember Herrera: Do we put ourselves at risk for litigation from those groups like Audubon if they find things that were not compliant?

>> Laurel Prevetti: That is certainly a possibility. We also have enforcement tools in terms of our code enforcement and through our planning commission where we can do an order for show cause, and that sort of thing so if it is that serious, we can essentially stop a development project.

>> Councilmember Herrera: So I like the idea here of having sort of a -- you know having something happen, a consequence before you move on to the next phase. I think that's a really good way to ensure compliance. And utilize our resources in the best manner that we can.

>> Laurel Prevetti: Uh-huh, thank you.

>> Councilmember Liccardo: Councilmember Rocha? Okay. I had one question. As I would imagine some of this monitoring is maybe more difficult or more complex than other kinds of monitoring, I imagine in some circumstances, developers would rather simply say look we'd rather do the monitoring ourselves, in other cases they might say hey we don't need a monitor at all, just tell us if we fail to comply. And we'll make sure it gets brought up to standard. Have we considered the option of providing developers a choice, that is, they would pay into a fee-based monitoring system that would be full cost recovery, and if they don't pay into that fee-based monitoring program then they face the sort of fine punitive system where we impose fines well in excess for cost recovery for any failure to comply? So that these developers could make a reasoned decision based on any conditions they have imposed on them, whether they'd sort of like to take the medicine up front or where they can say I can efficiently monitor this myself and make sure I comply with that provision. Has that been considered?

>> Laurel Prevetti: It's being considered right now. One of our developers raised that as a possibility last Friday when we met and he was able to demonstrate through their own self-monitoring how they essentially keep track of all their mitigation measures, and how they've demonstrated compliance to whichever city it was that they were working for. So it appears that some development companies are set up to do this kind of monitoring and can provide the backup information. Others, it seems, need a little bit of help. And we're dealing with that, with a couple of them right now, of you know, where are you with one or two mitigation measures. And we're still tracking them down. And it's hard to do after the fact.

>> Councilmember Liccardo: Yes.

>> Laurel Prevetti: As you know.

>> Councilmember Liccardo: One way or another we need a binding commitment and contract.

>> Councilmember Herrera: Incentive.

>> Councilmember Liccardo: Yes, incentive, including negative incentives. The other question I had related to you know our past use of consultants through the EIR process, the developers paying for the consultant and a lot of questions about conflicts of interest and whether or not those consultants are going to have incentives, disincentives from giving their best subjective reasoned advice where they're being paid by the developer and raised in me a question as to whether or not the city really ought to be identifying the monitoring consultants in advance, whether we identify a pool of them or we select them ourselves, however it's done. So no monitoring consultant is facing the incentive of feeling as though they have to listen to the folks who are cutting their check above paying, you know, focusing on the obligations imposed by law. Where is staff on that issue?

>> Laurel Prevetti: Well as you know we've been having the discussions about the role of consultants in our overall environmental impact report process. And currently it is the developer that selects their environmental review consultant and prepares that document. But it really is prepared to our standards, because at the end of

the day, it is the City of San José that needs to stand up in front of that judge, and defend the CEQA document. And we work very hard with all of our consultants to make sure that that document does represent the City's independent judgment before we bring it to city council for your consideration. And certainly before we bring it before our Planning Commission for their certification. So we believe we've built those fire walls. But perception, we're also very well aware of the perceived concern around this arrangement. And I think as we go forward with mitigation monitoring we need to be alert to that same consideration. So our ability to develop a short list of prequalified consultants, that's something we could certainly do. It does take staff resources to go through such a prequalification. Especially if we use our City's RFP-type process. And that's unfortunately going to cost money from somewhere to fund that. So -- but it may be that if that's the direction San José wants to head, it would be an investment well done for both prequalifying EIR consultants as well as the after-the-fact monitoring.

>> Councilmember Liccardo: Well, thank you Laurel. I think as we go forward and I know this comes back to this committee again if we could have a sense of what that level of cost is that might help us assess whether that's an investment worth making.

>> Councilmember Herrera: Motion to accept the report.

>> Second.

>> Councilmember Liccardo: There is a motion to accept. There is a member of the public, David Wall that would like to speak.

>> The clerk is going to give you a copy of the Mercury News some time ago just for illustration process, municipal storm drain permit per CEQA. Another part of the presentation that I just had an idea about is at water pollution control, for good reasons they do some really nice -- they do a lot of nice things out there actually. But they use sheep for vegetation control. And I was just thinking of, when you think of a flock of sheep, herd of sheep, as they're mowing down the grass, they are also stomping the hell out of burrowing owl habitat in theory. I don't know if anybody has actually looked at that to see if burrowing owl habitat which is part of the habitat plan

calculations, part of CEQA and all this other stuff, whether a genuinely innocent good idea ends up destroying habitat for this poor little owl. I don't know. It's just an idea. The other thing that really bothers me, is I keep hearing conflicting reports. I know our PRNS folks have looked at City Hall in reference to this ecopass business for city employees. I think it takes away from the overall City's Green Vision reach. You Your Honor rightfully so, is out there banging the drums for ecopass for developers for their projects. Rightfully so. But here at City Hall city employees don't get their ecopass. And I think that nominal fee should be calculated into every department's budget. And how you figure it out to reinstate that ecopass program would be a nice start. Other than that, I think our PRNS -- or excuse me, our PBCE people are doing a very good job and give my thanks to director Horwedel.

>> Councilmember Liccardo: Okay, thank you. Those are all the comments. We have a motion on the table. All in favor? Any opposed? That passes unanimously. Thank you, Laurel. We move on now to item D-4. The green building program update. And Laurel's back.

>> Laurel Prevetti: I'm back yes. We started talking about this last Tuesday when the council was doing its priority-setting on new ordinances and policies. Let me catch up the full committee on our green building progress. As you know, San José is a leader in terms of its green building, in terms of our municipal building we have a high standard for how we want to proceed with agree building as well as private sector green building and we've built that into our Green Vision, whereas 15 years we would like 15 million square feet of green buildings on the private sector side. San José's made tremendous progress in terms of green building, over 1.9 million square feet of certified green buildings have occurred to date as part of our municipal program. This includes happy hollow zoo and park, our community centers as well as of course many of our libraries. So we're making tremendous progress in terms of our municipal program. We're also starting to see progress in the private sector, as construction start ramping up. We currently have 4 million square feet of private sector green buildings that have received their certification since 2007. And in addition Bellarmine just received LEED gold for a new classroom building. And this shows the power of our new approach in terms of having a green building deposit. They were the first of our private entities to essentially receive their green building deposit back because they did the right thing and they built it green. We are very pleased with that. We have several other projects that have also made their deposits and they're going through construction phase now. If they are able to show

documentation that they are green they will also get their deposit back. We are very pleased with the outcome of how we are doing with new construction. So what I wanted to talk about with you today was about retrofits. And this was one again one of those items on the priority list that council decided to monitor and defer, didn't put it in the top nine last Tuesday. But as we were discussing last week, the state is actually underway with some work for Cal Green, with respect to certain types of tenant improvements that would essentially require stricter green measures. Mostly in terms of energy conservation. We also understand that the California energy commission is considering updates to the energy codes, to further strengthen energy conservation as well. So with all of that activity happening on the state level, at this point staff is recommending that San José not pursue its own retrofit ordinance. And I completely respect the comment that we got last week from the council, that perhaps we should be a leader, and maybe should get ahead of this curve. But quite honestly, with all of the other moving parts and again in consultation with the development community, they are feeling that there is a lot of new regulation coming out on the table and I think they would like to see the dust essentially settle before San José or any other city come forward with additional retrofits. So for that reason we are still interested in pursuing and monitoring what is happening at the state level. Both for residential remodels, as well as tenant improvements. But at this particular time we're not recommending that staff invest our own time to create something that would be San José-specific. As we continue to monitor our Green Vision, as you know we'll be coming back in terms of do we need to strengthen the tools that we have? Are we meeting the objectives? If we're not we need to think about putting a stronger tool in the tool kit. With that I'm available for questions.

>> Councilmember Herrera: Motion to approve.

>> Second.

>> Councilmember Liccardo: All in favor. That -- you know what, forgive me. I have a member of the public, my apologies. We'll come back to that vote in a moment. David Wall.

>> This is going to be a moment of levity and perhaps a little bit of laughter. We reference the honorable community and economic development committee meeting a few days ago. In reference to the convention

center. We, the city is lacking Green Vision, with no solar panels for the roof of the convention center. There was no reason begin. Also, there needs to be a Green Vision rookout for the estimates for the heating, ventilation and air conditioning that needs to be put in at an estimate of \$3.9 million. A 7 to \$10 million wild-as-heck guess some similar to the estimate for the \$650 million pension, that type of guess, for a kitchen, and that should be green. And the very high maintenance costs many via energy and/or chemical use because see, the amount of glass that's in that building. So that should be green, too. But the sequential center is not mentioned as being very green with the exception of a lot of taxpayer green that's not funded to have a good convention center. Because the convention center fails once you'll just be tucked with this building. Thank you.

>> Councilmember Liccardo: Okay, thank you. The motion is on the table, all in favor, that passes unanimously, thank you. Kerrie welcome. We're on to D-5. The San José, Santa Clara water pollution control plant energy and reliability update.

>> Kerrie Romanow: Good afternoon, Kerrie Romanow, acting director, environmental services. And today we're going to bring you up to speed on more happenings out at the water pollution control plant. Our energy and reliability systems are in need of attention. We talked about that a bit last month when we talked about our new CIP approach. And the energy system is such an important part of our operations, we wanted to spend a little bit more time sharing with you the status of those programs. I'm happy to be joined today by the crew that actually does the work out at the plant. Ted Peck is our power and air supervisor. Nelson Petroni is our senior engineer, senior electrical engineer, the only senior electrical engineer we have. And Ron Nichols is our acting division manager in charge of the power and air division. So we'll go to the next slide. So in order, we'll talk about energy issues, the sources of energy issues and challenges, and then some of our strategies. Is that alternative --

>> Yes, you'll notice that the next slide shows our energy uses. 50% of our energy is used in process of aeration of the plant. As follows, the secondary is 12%. Chlorine filter building uses approximately 8%, sludge control 8%, primary 7, filtration 6%, TPS 5. And our head works operation is about 3%. It's really interesting to see that our office buildings only use 1%. Lot of people find that interesting because there's a lot of infrastructure there within the office buildings. But it's not our major source of demand and use. So most of our blane gas is used to drive

our second generators within that group there. So at the maximum with all our electric blowers so on so forth our demand would be about 11 megawatt at that particular time. Next slide is energy uses. Our process air and supply aeration to the secondary tanks, electricity for operating the plant processes and for plant buildings, heat for the digester tanks, and for building heat and cooling, that's our major uses of energy at the plant. Supplying process, variation, secondary tanks. 50% of the energy demand as stated before goes to our aeration, to aerate our secondary tanks. The secondary nitrification treatment uses processes -- processed air to allow aerobic bacteria to grow and consume pollutants in the wastewater. The processed air for secondary treatment can be supplied from gas generation, driven blowers and electric motor-driven blowers. When the electric blowers and the driven blowers are actually running, that's pretty much our 11 megawatt. That's our large consumption for the plant, along with the aeration. Some of the uses that takes a lot of our energy also is some of the example of our large motors. The electric motors. The plant has around 100 large motors for the pumping and generating compressed air. The plant has numerous small motors and pumps for our conveyor systems and other systems. And then the remaining portion of electricity is used for our lighting and plant controls. So you'll notice the 400 horsepower influent pump motor. There's actually four of those in the process of our chlorine area. The 500 horsepower raw sewage purple pump, that's our new head works, there are four of those, very, very efficient and then our last and final is our large energy consumption is our 4,000 horsepower air compressors. Those are electric driven online start. So in other words, basically what happens is when we push the button, those kick on immediately. So that's a big drain in our power system right there. Heat uses within the plant. Our heat is used to, in the heat for digester tanks and then our digester tank heat exchanger, building heating and cooling and absorption chillers. The heat is used to warm the sludge in the digester tanks for the temperature needed for the anaerobic bacteria to digest the biological waste in the sludge. Sludge is solid particles that separate from the wastewater and collect in the digester tanks. This heat is generated from the heat from the gas engine exhaust or the plant auxiliary and natural gas boilers. And the heat is also used for the cooling of our building and cooling and heating of the building loads.

>> The sources of energy for the plant are a combination of gases and electricity. The digester gas is producing our digester tanks and is basically a byproduct of the process of the treating the wastewater. The landfill gases is supplied from our Newby island sanitary land fill. That's located about a mile from the main plant, and this uses

basically methane gas. It provides probably in the order of over a million gallons per -- billion cubic feet of land fill gas. We also get natural gas from PG&E, and the electricity we generate within the plant, and also we also receive electricity from PG&E. The digester gas we have about 11 digester tanks that are active in the plant. As Ron said, they collect solids oor -- from the wastewater treatment plant. There's each tank, the largest tank is about 2.4 million gallons of sludge. And each tank holds the sludge for about 20 days and during that time the sludge is heated to about 130° and the bacteria breaks down the biological solids in the digester tank to methane gas or what we call digester gas. The landfill gas again the piped in from our Newby island sanitary landfill. And it as well -- it gets its methane gas from the aerobic decay of the biological material in the landfill and natural gas is purposed from PG&E. The three gases are combined to form our blended gas that we use to drive our engines. The amount of natural gas the that's combined with the other biogases are used to control the level of BTU content of the gas for our engines to operate more efficiently. This chart basically shows the location -- again, the plant draws about self-generates about 75% of the energy needed to operate the plant, most of it being derived from the blended gas. About 50% of the energy is used to generate electricity and about a quarter is needed to operate the engines that drive the blowers. The remaining source is provided from PG&E. If the gas-operated driven blowers and the generators are not operating, the combination of all the three energies need about 11 megawatts of power. This slide is a little hard to read but it shows the blended gas used to drive two buildings for our generation plant. One of the generation plants is our older plant that was installed in 1950s and 60s, and it consists of basically five generators, and two of the engines are basically retired right now. Our newer plant installed in the 1980s in the 1990s consists of three, 2.8 megawatt generators, each one is operating at the time except for one that has been out of service since 2010 waiting for parts in order to repair it. The waste seed from each of the engines is used to provide heat for the plant in the digesters and for plant cooling and air conditioning. The mixture of blended gas and digester gas supply the energy to supply and operate the plant.

>> We have a number of issues and challenges. We have a number of issues and challenges that face the plant here. We have aging equipment is one issue. And electrical self-sufficiency is another issue that we have. And staffing. So regarding our first issue the in aging equipment, we have generators, engine driven generators, we have engine driven blowers and we have compressors that we use to compress the gas produced from the plant, compress it to a level that's usable in our engines that drive the generators and blowers. So our next slide here,

our aging generators, we have a total of eight generator units that are at that facility. Five of these older -- five of these units are older power plant are we call it our P and E building and they were built in the years 1953 through 1962. So they are put in operation during the '50s and during the '60s so these are our older engines. As mentioned I think already, two of these engines are E-1 engine and our E-6 engine have been retired. We use these engines for spare parts for our other operational engines. We have another power plant, a newer power plant where we have three engines. Each of these engines are capable of producing 2.8 megawatts. And this building was put in operation in 1985 while the engines were built in 1983. Two of them you see there EG2 and EG3, and then our EG3 engine is our newest engine, it was built in 1994. The EG1 engine and EG2 engine are actually functional, they are actually operating right now as we speak. The EG3 engine, as I believe was just mentioned, has been nonfunctional since June 2010. We are waiting a purchase agreement to purchase part from the OEM, the manufacturer of the parts for that engine, the builder of that engine. It is interesting, we do have the capability of producing quite a bit of power. It's figured at about 1000 kilowatts of power is equal to the use of 200 home or what 200 households would use. The older generators in our P and E building, they're more or less relegated to stand by service nowadays. They require a lot of maintenance. They do break down nor frequently than the newer ones so they're relegated to stand-by service. Then we have the two generators, 2.8 megawatts each, and that building runs continuously approximately we have the three engines in that building and we have two of those running at all times. And so if one of those engines fails or needs repair, we opt to operate the older P and E engines as a standby for one that maybe taken out of service. So at the present time we only have two operational engines in that building, that new building. They call it building 40. So next slide there. Snapshot of our aging one of our aging generators, building 3. So we have issues with equipment getting older, the reliability, and we also have load stability issues. We have issues when the two power plants, the older power plant and the newer power plant operate together. When we're separated from the PG&E utility. During that time when we're separated from the PG&E utility that the two power plants if they're operating together will not share load voltage control. So we end up we possibly end up with a power failure. It's a possibility. But we are stable. When the two generator plants are operating when they're connected to the utility grid. But there are times when we do get separated from the utility grid. Where there's a circuit breaker between us, the utility that can be commanded to be open due to a line fault in, for instance, the PG&E system. Now plant master plan recommends replacing or adding some gas turbines, 4.6 megawatt units, so a 4.6 megawatt unit would approximately replace two of these

units. In the new building. Our next slide here, an aging blowers, we have six aging blowers and again they're the engine driven blowers that supply processed air for the secondary treatment. So it's necessary that these always be running at all times or there always be air being administered to the secondary treatment. Another slide here. Here is a snapshot of our aging blowers, three of our units, these are the 1800 horsepower units on your left slide. And then on the right slide you'll see a picture of an exhaust gas waste heat recovery unit. So again, these engines supply -- these engine-driven blowers supply aeration for the secondary process of the plant. And the plant master plan recommends using electric blowers, it's figured that the electric blowers will be more Fannie efficient once we have gas turbines present at the plant. Our next slide here is our aging gas compressors. We have two operational 250 horsepower gas compressors. These were the older units that were built in 1964. These are currently stand by. Then we have one 450 horsepower unit put in operation in 1985 and is operating today. So our plant produces about 1.8 million cubic feet of digester gas each day. And so we -- that 450 horsepower gas compressor unit will supply or remove or process all that gas. If it's out of service then we have to rely on the other two, 250 horsepower gas compressors. Our next slide here, related to our gas system, here you see a picture of our gas flare. This gas flare is used to flare unburned gas at the facility. Our gas that is not processed by our gas compressors or is not used in our engines due to maintenance activities or failures at site, from time to time, and of course when we flare this digester gas we are losing green source of energy. It also results in a visible flame. Very advicable to the surrounding community and sometimes the plant is notified or told that neighbors see this flame coming out the top of that flare unit. And whenever we do flare digester gas at this facility we are required to log the amounts of gas that we do flare. And the Bay Area air quality management district will inspect our records as regards to this. Our next slide here, electrical self-sufficiency. Our plant master plan recommends receive sufficiency through generation and this plant of course operates 24 hours a day, seven days a week and 365 days a year and needs to be energized at all times. Our current reliable plant generation is 5.6 megawatts. Our average plant load is 8 megawatt but it can be up to 11 megawatt if we are operating electrical driven process air blowers. And it's critical to be able to pump flows during emergencies, and again, I mentioned here briefly that we do have low stability issues between our generate buildings. So next we talk about staffing.

>> Kerrie Romanow: The equipment is aging, and we've been working really hard. We've talked about this. We can just go on to the next slide, that our staffing challengings are making it even harder to keep the equipment

operating. We talked last month about moving up the replacement of the energy equipment. So plant master plan actually specified replacement of the generation system but not until 2025. And based on the status of the equipment we simply don't think we can wait that long. And I think our staff have done an excellent job creating some interim plans for that but we're going to go ahead and pull that time line up and we're hopeful certainly within the next seven to ten years to have new equipment up and running that can let us focus on different parts of the plan. So what is helping us is, we have a fuel cell startup next month so that will add to our ability to generate energy. That's 1.4 megawatt fuel cell and again we're working on a strategy to have a short term fix as well as identify which type of equipment we need in the long term and we will probably be supplementing what we have on site with diesel generators so we are quickly able to do that immediate start that's needed when some of our aeration equipment comes on line. So with that, now that you have a full working knowledge of all things electrical and power at the water pollution control plant, if you have any questions I have the experts here.

>> Councilmember Liccardo: Great, thank you, Kerrie. Questions?

>> Councilmember Campos: You gave a great presentation. I don't have many more.

>> Councilmember Liccardo: Nice work.

>> Councilmember Herrera: I took a tour, I think you actually took me and showed me some of these pieces of equipment. The one that we're waiting for replacement parts since -- we were waiting for that since 2010, is that right?

>> Kerrie Romanow: Yes.

>> Councilmember Herrera: Are those one of the ones that have to be machined and created?

>> Kerrie Romanow: There was some issue with sole source procurement, that was completed last month and the team is off and running waiting for the parts.

>> Councilmember Herrera: I think it's great that you brought the folks that do the work come and talk about them. I'm very supportive of your mid term plans to get us through this so that we can move on to a better situation out there, be able to generate power.

>> Councilmember Liccardo: I had a question about the unused gas in the flair. Forgive my ignorance, but why aren't we able to store that?

>> We do store that. The gas out that's produced out of the digesters goes into a gas holding tank, and our gas compressors draw off that tank. So we have an accumulator that the volume can vary in that tank as the engines need it or do not need it. And --

>> Kerrie Romanow: Why do we flare?

>> Councilmember Liccardo: Do we lack the capacity sufficiently that we.

>> There are times when engines trip off line and gas system instability or control issues or the gas compressors trip offline, due to mechanical issues we're not able to process the gas in time before the gas holder accumulates so much gas that it can no longer store that volume so then we need to safely dispose of it through a burning operation, flaring.

>> Councilmember Liccardo: Okay. Is there a -- I recognize we're trying to do many things at once with a lot of balls in the air and replace a lot of the facilities. Is there a desire to try to expand our storage capacity so that we don't have to deal with you know, at least losing what is obviously a scarce resource?

>> It's not a normal occurrence when we do the flare the gas. It is an intermittent thing, happens one in a while. We do have a certain amount of time that when the equipment does trip offline, we have a little bit of time to rectify the situation and get the equipment back in operation before we flare the gas, most of the time.

>> Kerrie Romanow: How many times has it flared in the last two years?

>> I suppose we flared maybe ten times. To varying degrees.

>> Councilmember Liccardo: In the last year --

>> Last year or so.

>> Councilmember Liccardo: Okay, ten times.

>> Estimate off the top of my head right now.

>> Councilmember Liccardo: I guess the last question, I understand that diesel generators are being looked at as a short-term or a medium-term solution. I imagine that's expensive with all the transition and so forth. I'm just wondering why don't we say, let's go buy some more fuel cells tomorrow and avoid the intermediate steps. I recognize fuel cells don't pencil out necessarily, but if the alternative is cost control --

>> The -- we -- the inflow has some large motors, and in order to start the large motors, you need -- basically diesel generators provide the extra torque of the shaft in order to respond to the sudden increase in demand. Fuel cells basically, they're only basically like a base load and so they really wouldn't be able -- they're really not designed to start large motors, starting of large motors.

>> It's kind of back to that 4,000 horsepower motor that we were talking about a while ago. A fuel cell by itself would not start that motor, and that is an electric driven motor. So we would have -- we just couldn't do it. So we got to actually have the generation to supply that load demand to start that.

>> Councilmember Liccardo: Thank you. Well thanks for all that information, appreciate the presentation. David Wall.

>> I don't think you understand or appreciate the status of that water pollution control plant at all. It's not going to last seven to ten years without failure. Under the current regime out there, well, we'll talk about that on the public record. I would like to give my gratitude to the trades, especially our electrical folks, our enginemen and our plant mechanics. Part of this staff loss, the brain-drain is directly attributed to the office of the City Manager, being completely, and let me reiterate, completely incompetent, with reference to the water pollution control plant. And it's the incompetence stretches to the appointments, to the positions of director and acting director. There's only I think three people in this room, I'm one of them, that knows what happens when the power goes out at the water pollution control plant. If you're at the head works, it's an incredible event, really, quite speck spectacular. Sewage. Unrelenting sewage. No stopping it. It doesn't sop stop. It will not stop. Now, depending on the level of power outage and depending whether it's a rainy season the only flaw in this outstanding report I might add is the amount of minutes it takes to hit the roadside. Los Esteros. I've witnessed 18-wheelers going through it, sewage kicking up rooster tails, 18 feet, people walking through it, thinking it's just muddy water. But the bigger issue is that the mayor, the Vice Mayor, are cowering to the McCarthy Ranch people, and the Irvine building people, their main emphasis is an immediate emergency retooling of the plant's power infrastructure. Not seven to ten years. You don't have that lumery. Look at your engines. They used to have a machinist make parts out there. Why did they decline? The decline of the water polluting control continued in mid 1992 with the formation of the ESD department.

>> Councilmember Liccardo: Thank you, Mr. Wall. There are no other members of the public who would like to speak. Councilmember Herrera.

>> Councilmember Herrera: Motion to approve the report.

>> Second.

>> Councilmember Herrera: In terms of what the plant has to deal with, a lot of it has to deal with not just the solids that come through and things coming through the sanitary sewer but also water from excess rain, right Kerrie?

>> Kerrie Romanow: There can be.

>> Councilmember Herrera: There can be if we have a sudden storm, that can overwhelm the plant's ability to cope with it. Is there any thoughts of how we can do that on the other end, so the plant doesn't have that water come to it? Are there other ways that we are looking at to capture that water or not have just other solutions that would slow that down so that the plant would not have to deal with that circumstance?

>> Kerrie Romanow: Well, Public Works and D.O.T. continue to look at the collection system and the many options that might get us to a better place in a period of time. There might be some ideas about how replacing pipe along the way might help us with that. But I think in general it's something we're able to deal with once we get the infrastructure in a healthy position. But we need to start the procurement process, identify what we need and then get building.

>> Councilmember Herrera: So that's not a huge concern for you guys long term in terms of what you deal with? I was just curious about that.

>> No, basically we're at the lowest part of the county. So we're going to get a lot of run off as it is, and that's dealt with on a normal basis. So just our runoff alone mitigates additional gallons that we have to deal with, that's just known.

>> Councilmember Herrera: I would think that increases your energy need because you have to process it right?

>> That's true.

>> Councilmember Herrera: Your generators don't know the difference between something coming from the sanitary sewer and some that was runoff. That was my question.

>> Kerrie Romanow: We just take what comes our way.

>> Councilmember Herrera: If you could mitigate, have less of that runoff coming to you which is also water that can be used, it's sort of wasted too in a way, if we could limit that, that would be helpful. In the meantime, the focus here, and I hear it loud and clear, we need to get what you need in terms of generation and plant retooled.

>> Councilmember Liccardo: Unless there are other comments, motion is on the floor. All in favor? Any opposed? That passes unanimously. Thank you very much. We're back to Kerrie for the last item, the March 2012 quarterly progress report of energy efficiency and renewable energy activities.

>> Kerrie Romanow: We're just going to go ahead and dive into energy report. I'm joined by Mike Foster our acting environmental services program manager. Mike is going to hit the highlights in the report and move rather quickly so if there's something you would like more detail on please don't hesitate to ask us to slow down or ask for clarification.

>> Thank you Kerrie. My name is Mike Foster. I'm the acting program manager in the environmental services department. I have recently taken over for Mary Tucker, who is now turned the page in her life and enjoying the road of retirement. Again, as Kerrie mentioned, just going to hit some key highlights on some program updates and things that have been going on in the past couple of months. Quickly introduce you to our green energy match program and quickly talk about next steps. Community choice aggregation was one of the key things that the council wanted us to keep monitoring and we have been doing that. And since last October, there really has not been a lot of new movement across the state in community choice aggregation. In fact the cities of Berkeley and Richmond were looking at community choice aggregation but due to the cost in starting that up they decided that's not something they can take on at this time. However Richmond is looking at options for opting into the

Marin clean energy program and in fact they have a public meeting next Tuesday night to talk about that with their community and we will certainly keep following that as that progress develops. We are always looking for new partnership opportunities. We continue to have national discussions with cities from around the country as well as statewide partners on how we can reach out and engage the private sector to leverage the resources that we have and leverage the resources that they have to advance our green vision goals. One of those partnerships we'll be delving into in a little bit more detail is Watts On, got a partnership with them, and another example of a successful partnership is with Armageddon energy, who installed a 1-kilowatt photovoltaic system on this building. So again, those are just some of the examples of the successes we've had to date. On the commercial solar program, we are a national leader. Right now we ranked third in the state of California, with the number of megawatts and number of systems installed. San José is actually just a hair behind Los Angeles in the terms of the number of negative awatts installed. I know, we are striving for first. And --

>> Councilmember Liccardo: Did you say we're third overall?

>> We're third overall behind San Diego, L.A. and then San Jose. If you extrapolate that out across the country, because California is on the forefront of solar, you could make a good argument that San José is probably third in the nation as well in terms of installed solar. We are making very good progress and some of our activities under our power purchase agreement to install solar on city facilities is actually going to help us get past L.A. at least in the short term. Quickly, we've been continuing to work on a number of our energy efficiency projects through our energy fund as well as our EECBG money. We have got 11 projects underway and we've identified about \$115,000 in savings. We've issued the notice to proceed on four city facilities through that power purchase agreement with solar city. That work will be beginning very, very soon and will be done probably by the end of second quarter 2012. The fourth site at Kelly Park will likely start after Labor Day so as not to impede the peak season. Starting to get an increase in traffic at Kelly Park and we don't want to get in the way of folks visiting the zoo. Just some of the images of what those installations will look like once they're complete. And we can certainly keep the committee and the council up to date as these projects actually get installed. Another successful program that we have here is our better buildings program. Which is in our Hillview-Talkner neighborhood. We've talked about this several times in the past. On February 19th we had an open house, for -- which was our model

energy home and it was in partnership with our housing department. And the environmental services department, housing department worked to showcase what energy efficient things could be incorporated into a new home, and in this model home we were able to achieve a 61% energy reduction over the old house. So event was very well attended. We had about 15 people actually sign up with the housing department program. There's a lot of interest, and we are currently looking for a buyer for this home or I should say housing is looking for a buyer for this home and again we see this as something that's going to be very, very successful in this neighborhood. Our Silicon Valley energy watch program is a partnership between the City of San José and PG&E and we received funding to go out and provide energy efficiency information. One of the things that we're working on now is an update to our Silicon Valley energy map which is the image in the upper right-hand corner and once that's complete in April of 2012 a visitor to that site would be able to click on one of those individual dots to find the local green buildings, solar panel installation, whether it's on the residential or commercial. So that's been an update that's been going on for the past couple of months and we're hoping to time it with Earth Day. And then moving on to our green energy match. This is another exciting aspect of our Silicon Valley energy watch program. And again it's in partnership with watts on which has been a pioneer in this space. And we're calling this a green energy match and it's operating in Willow Glen, Evergreen and the Hillview Talkner neighborhoods and savings, are rewarded each month with coupons to local merchants. The program is just beginning to analyze participant levels and additional updates can be provided as that information starts to roll in. The key goals of this program is to encourage residential energy savings, stimulate local economic development, demonstrate the linkage between the two and hopefully scale-up. Participating homeowners can receive coupons at the 70% off at local merchants in their communities so it's a real good incentive to save energy and go enjoy a pizza or some other tasty food at your local nearby merchant. Our partner watts on has done some early analysis and their research is showing that there's a multiplier effect with energy savings. For every \$1 of energy saved there's a \$1.80 increase in local spending. So if that holds true throughout the entire pilot if economic development impact that could have on San José or the county if we were to scale up could be pretty significant. This is a screen shot of what type of information residents see once they sign up for watts on. It gives them customized tools and tips on things they can do to continue to reduce their energy use, and gives them information on how many they have saved to date. As I mentioned we have launched this in three neighborhoods so far and we have also launched this in seven of our municipal facilities including the Evergreen, Hillview and Willow Glen libraries, the Evergreen and

Willows Community Centers, and fire station numbers 6 and 16. The outreach has been done through local newspaper articles, door to door outreach, word of mouth through neighborhood associations and through other local community organizations. I think one of the key things to take away from this slide is that homes that are participating are seeing a 30% reduction on their energy bill. On average about \$42 a month. So the program does work. Once people get signed up and are properly incentivized to save energy. The students at Overfelt high school, Green academy actually participated in this program and they received a check a short time ago for their energy savings. And all of these students have actually gone home and signed up their individual homes through this program. It truly is a win-win. We're working through our local high schools, in our neighborhoods, watts on is, to activate additional student participation and hope this will grow from the ground up. Our next steps are to bring back a revised strategic energy plan in June of 2010, the two year plan expires then. We have a lot of lessons learned and a lot of experiences over the past couple of years and we'll be making some fine tuning and adjustments and bring those back to you in June for discussion. And in July of this year, we'll be hosting a solarthon in the Hillview-Talkman neighborhood in partnership with Grid Alternatives. They will install free solar panels on somewhere between 15 and 20 homes that meet the income requirements. We also continue to seek additional partnership opportunities and continue to analyze and pursue funding opportunities that present themselves. I was in some discussions last week from folks from New York, Seattle, San Francisco, Chicago and Atlanta and they're facing similar situations where their moneys are running out. And we're actively talking about how we can find new moneys to continue the great work that we're doing. And with that, I'll open it up for questions.

>> Councilmember Liccardo: Thank you, Mike. We all miss Mary. But applaud your acting director so welcome look forward to seeing you again. Questions?

>> Councilmember Herrera: Are you looking at habitat for humanity,.

>> I honestly don't know the answer to that question.

>> Councilmember Herrera: I guess I'mcying you guys look into it.

>> We're doing a lot of work with sacred heart right now.

>> Councilmember Herrera: I'm always interested in making sure we leverage the folks that are already out there so we don't have duplication of effort and wasted effort. I think you guys do a great job out there reaching out.

>> Councilmember Liccardo: Councilmember Campos.

>> Councilmember Campos: Yes, couple of things. One of the things that was very impressive with this house, it's in my district is that it has a swimming pool and it's still 61% reduced energy from what it was before. That's very impressive. It was -- it's not sold, so if you get a chance, anybody get a chance to go out and visit it, you know it's easy when it's empty, you can go out and visit it. There was some very, very good ideas that were incorporated into this home. Because as you can tell, this is one of those Eichler type homes that aren't very well insulated. Some of the ideas that they did it was pretty impressive. I will say. But I wanted to get back to the installation of solar panels and I know Carey you and I have had this conversation before and you know Kelly park is a jewel. You know, if you blindfolded someone, made sure that their back was at the Spartan stadium site and told them to look forward, they could think they were at the Santa Cruz mountains or Yosemite as you can see with the Evergreens there, and we owe it to our city, the residents there, to make sure that whatever solar panel we put in, it's going to blend. You know, anything of any of our city properties that we're putting solar panels in the parking lot that we need to make sure that we're doing everything to make it the most aesthetically pleasing as possible. It would be this park. And you know, I see the photos, and you know, we're ruining that park for a generation. And when I was in the Planning Commission, I remember getting -- when the cell companies would come back to replace their old cell towers and you would see what they're replacing, the old wagon wheel cell tower, that was great because they came up with better designs. But there was nothing that the city could do. If they didn't want to replace those wagon wheels that we could make them do it. And I'm concerned that we could get stuck with something that's just -- that's an eyesore. And I think we owe it to Kelly park and to our residents to

make sure that we do everything that we can to let them have that full feeling of being in an urban -- in a park in the middle of an urban center. So those are my comments on that.

>> Councilmember Liccardo: I had a question about commercial pace. Seemed to me that was a really promising option for us to try to scale solar on commercial private buildings. Where are we?

>> Perfect question. That is something, one of the conversations I was having with the cities of New York, San Francisco, Chicago last week about because it is top of mind. There is federal legislation now, HR 2599 in committee. It's been sitting in committee for about six months and if that legislation comes through, it will really help to activate pace on a national level. So we're waiting a little bit to see where -- how that shakes out. But we are very much in conversation and working with our Office of Economic Development to engage range of stakeholders out in the community to see what sort of program we might be able to put together here in San José's sort of as an interim step to any national legislation that may get passed.

>> Councilmember Liccardo: Help me understand because I know that Fannie Mae and Freddie Mac really relates to the residential side. So why is federal legislation relevant to our ability to move forward?

>> It has to do with the some of the funding mechanisms that commercial entities can tap into similar to the residential where it's sort of the right of first refusal with the Fannie Mae and Freddie Mac on they get the first dibs on the loans. There are some instances where commercial properties have taken out some loan packages that also sort of are in that space of Fannie May and Freddie Mac. So that's what the national legislation is hope to sort of clear the path for. But it's something that we are working on here in San José like I said with OED, and we are having some really very indepth conversations with other cities that have started the commercial pace program. For example, San Francisco used some of their stimulus money to initiate this, so we're looking for those funding opportunities as well.

>> Councilmember Liccardo: Okay, okay, all right, well, thank you. We have one member of the public that would like to speak, David Wall.

>> Of all these programs that have been listed what was not discussed or identified in written form are the obligations. In other words, these are grant farmers. They go out and they farm for grants. That's their job, fine. But what are their obligations, the long term obligations? And then of course, a number of full time equivalents to staff for these obligations, post-grant money. Grant money is going to go away. Then you have the staff that you have to support. Each one of these programs should come with it. With the obligations, number of FTEs, and how long this is going to happen, so you folks could see it and above all, the taxpayer, me, I could see it. But it's not that way. You can look at your report. Program after program, they're just programs to you. To me, they're nested obligations and liabilities. And let us look at giving away solar panels to houses that meet financial criteria. That almost makes me want to throw up. All right? I mean you confer a benefit on a property owner because they let their property run down, and you take some credit for this. And these solar panels take about 15 years to amortize themselves. Again obligations and taxpayer money. Let's talk about what was discussed previously about an energy program that needs to be discussed. A land use deal with the City of Santa Clara and the City of San José that acts to circumvent PG&E covenants that supply the power to the water pollution control plant. That is what is needed. I'm surprised they haven't figured that one out. Because I talk to the mayor of Santa Clara about this issue, it's a land use deal that would be a corridor of power. So Santa Clara could provide cheaper power or an alternative source of power to water pollution control plant. And this is something that I don't understand why it's not done. I don't know all the legal ramifications of this but you sir, Your Honor, you're good at this. You would find this out and that is what is neat needed. As far as the rest of this, you see 150,000 annual estimated savings. I'm tired of estimates. We see nothing but estimates coming out of every specific department, specifically OED, and this type stuff. But you can't rely on these estimates, they always fall short. And how much did they spend --

>> Councilmember Liccardo: Thank you Mr. Wahl. I asked the maker of the motion would consider including in that a report out on commercial pace.

>> Councilmember Herrera: Motion to accept the report including that report.

>> Councilmember Liccardo: Thank you. All in favor, I'm sorry, Roland LeBrun had a comment. My apologies, Roland.

>> My comment is very short, I wanted to echo what Councilmember Campos set, an actual experience in my neighborhood. What basically has to happen, is if you are in a neighborhood you are going to be doing a solar installation, you should really be reaching out to the community first and make sure everybody is on the same page. I share with you what happened. At one of our neighborhood association meetings only six residents showed up. They were absolutely livid, that was the first time I ever saw them, and the last time we saw them also. You see what happened they lived on Aransay, which is at the end of Curry Drive right after you cross St. Ignatio, a row of houses facing that south, beautiful soccer fields across the road with the Santa Teresa hills in the background, and one day they came home and they were looking at the back of solar panels and they didn't see it coming and that was the school district, it was not the city. Thank you.

>> Councilmember Liccardo: Thank you, Mr. LeBrun. Okay, the motion is on the floor. All in favor? Any opposed, that passes unanimously. Thank you very much. We now have time for open forum. David Wall followed by Mr. LeBrun.

>> Two items first, wasn't discussed today but very important to a previous discussion. The council needs to modify the city charter with reference to include not just the plant operators in the revised pay scale to save them but for the enginemen, the electricians, all the trades, everybody that works out there, with the exception of senior management positions. You need to retain them. That means they need to all be covered under this. The other thing is, just the issue of what the Mercury News wrote over the weekend. "lawmakers call for state audit of San José's pension problems. Identity it's given to you in document form. Also, the level of disrespect shown, premeditated disrespect by Mayor Reed and the Rules Committee towards Councilmember Rocha's and the other five or four valiant city council members, and they are Councilmember Campos, Councilmember Chu, Kalra and Pyle, who just want an information request. The word estimate, sir, how can it escape public documents that you have relied on, when the mayor has a senior policy advisor for communication, dedicated staff, consulting budgets, the mayor or the City Manager has a director of communication, dedicated staff, consulting budgets, all

for communication purposes and the word "estimate" is not included in all or any public document? This gets to the issue of intentional misconduct. Because nobody could make a mistake. You have that much money, two communication groups, who control every communication aspect of documents. And the valiant five councilmembers, all they wanted to do is find out why. An information request. And they were very severely disrespected and I'm opposed to that. Thank you.

>> Councilmember Liccardo: Thank you, Mr. Wall. Mr. LeBrun.

>> Once again very brief. Two totally unrelated subjects. Tamien station and recycled batteries. Recently, I live in the South in District 2 and I recently you know catch CalTrain from Tamien and I have to use my GPS to get there and the reason is there isn't any off ramps to get there from Alma. And similarly you are see them probably when you want to come home in the evening. And looking forward as to what we are going to be doing downtown with all the construction and then we're going to lose some parking temporarily and then once the arena authority or ballpark comes in, okay, we need to start looking at satellites around the city that people will be able to drive to, park their car and then either cycle, use public, shared bikes, public transportation and then really get to downtown, similarly on the way out, okay? And that Tamien to me is obvious, there is just hundreds of empty parking lots, so if you could do something about that. I appreciate you can only can move from one lane. Now, the other thing is, the recycling the household batteries. I recently discovered how it's done in Gilroy and it's really, really simple. You just get a sandwich bag, you know, little jiffy bag with a zipper. You put your batteries in it, and then you put the bag on top of the blue bin, and that's how they recycle them in Gilroy. If that's the way they do it in Gilroy, I don't know how we can't do it likewise.

>> Mayor Reed: Thank you, Mr. LeBrun. Laura Kossom.

>> Good afternoon, my name is Laura Kossom, the executive director of save our shores. And I drove up here today from Santa Cruz to thank you for your efforts and leadership on the plastic bag ban that went into effect in January. Even down in Santa Cruz I was getting great reports open wow, I just went to valley fair, I can't believe it, I had to bring my styrofoam? I don't have answer answer for them. Since I started my job in 2006, initially there

were no styrofoam bans on take out containers, in Santa Cruz, in just those two years we've banned it everywhere, on polystyrene and I'm really looking to San José, as to why that hasn't happened here. We know that this is a toxic material. We've even been able to ban it in Salinas of all places. You can imagine maybe they have some other priorities there. But these councilmembers why should Salinas residents have to we have done enough outreach here in San José I know because I have driven up here to some of those eight outreach sessions that have happened. The community is ready and I really hope this council will move forward and make the needs of the community heard as opposed to the desires of some manufacturers. That makes this very harmful material and cannot be recycled. If we were to recycle this material that would mean people would get their take-out food in the styrofoam container after they would not heat the food up in the microwave because that was toxic and dangerous. They would rinse out that container and they would dry it and set shipped off somewhere to be recycled into another protect that again will never ever disappear, will always be on this planet. So whether the styrofoam is found in our storm drains which maybe you saw the Mercury News report in February that showed that San José is number one in the trash getting down in the storm drain and 7% of that is foam. I please ask you to do something about this and move forward very quickly. Thank you.

>> Councilmember Liccardo: Thank you. With that, the meeting is adjourned.