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>> Councilmember Herrera: I'm going to call today's meeting of Community and Economic Development to order. Would the secretary please take roll? Would you take roll please?

>> Councilmember Herrera, here. Councilmember Liccardo, present. Councilmember Oliverio, yes ma'am.

>> Councilmember Kalra. Here. We have a quorum.

>> Councilmember Herrera: Thank you. First order of business is a review of our work plan. There's one item that staff's requested that we drop and that is airport west development. I think that's because it's coming back to the ad hoc committee in May. We need a notion to approve a work plan.

>> So move.

>> Councilmember Liccardo: Second.

>> Councilmember Herrera: Moving on, reports to committee, and we have Kim Walesh with our verbal report.

>> Kim Walesh: Good morning, Madam Chair and committee members. I'm pleased to provide an update on economic activities for the month. Starting with our fun fact of the month. Fortune magazine came out with the world's most admired companies, 14 are in Santa Clara County and three are in San José, Cisco, Adobe and eBay we congratulate on making the list of the world's most admired companies. The first area business outreach attention and attraction, definitely been an uptick in activity. We've been contacted by a number of companies outside the area who are interested in locating in San José, just giving you an example. An out-of-state memory firm wanting to locate to San Jose, a Southern California firm wanting to consolidate and relocate a healthy food processing operation to San José, a European electronics manufacturer wanting sites in San Jose, they're from France. A company from Cologne, Germany, planning to enter the U.S. market in optics, looking at San Jose. So we think this is very positive. We of course get a lot of leads from brokers and our own contacts, but we also get calls and e-mails contacting us. We continue to focus on the retention visits. We have met with a number of

companies this month that are either expanding their employee base or their real estate base. Some examples are e-Power Soft, Opto Electronics, Acitech, Real Solar, Stion Corporation, Verantech, Talison Solar, so that also is very positive. And of course we have two significant headquarters operations that will be moving into San José from elsewhere in our region. So we have LSI, which of course bought two buildings in North San José in Ritter park. Will be shifting its head office and other units to a consolidated campus. It's at least 850 workers. And then Advantest will be relocating their headquarters in North San José and will be moving from 4 to 450 employees.

So again, there's definitely a noticeable uptick in activity, which that's our pipeline which then starts playing itself out through the permitting process. So if we look at the combined expedited permitting programs for the last month, there have been 35 significant projects in the month of April. And you can see examples of the customers up there. So last month, we had a very good conversation about customer service. And we have spent a lot of time structuring and launching that initiative. As well as expediting the hiring of appropriate staff for the development services team. So I want to tag in with Laurel Prevetti and Chu Chang to give an update on development services this last month.

>> Laurel Prevetti: Thank you very much, Kim. Laurel Prevetti, assistant director of Planning, Building, and Code Enforcement. As you know, we are seeing an uptick in activity, so we are starting to fill the positions that council gave to us in January. This is across all development services, building, planning, plan check, and plan inspection. And in addition to just hiring for the technical capabilities we're also wanting to make sure we hire the right individuals with the soft skills that we need to deliver the type of customer experience that's really important for San José. So with me today is our building official, Chu Chang who will describe for you those skills, some of those additional skills we are recruiting and hiring for.

>> Thank you, Laurel and Madam Chair and the members. We actually -- I would say a good way we just finished our plan check engineer trying to recruit three of the new associate engineers and this week will conclude our building inspector electrical skill for new building inspector. What's the make the difference why we feel we have the good pool of candidates is our emphasize is going back focused on to the people skill. It's not just the technical skill. It's not how much we know about technically but how they can help us help our customer to offer solution. Instead of pointing out what's wrong, I think that's our challenge so far. So far -- we have very good staff

and very good technical skill but can we also helping our local business partner and the resident to -- when there's issue come up when there's disagreement when there is something that maybe not perfectly fit into the cope, that's how we help our customer. For all the recruitment of development service billion dollars, planning, just very quick report. Thank you.

>> Laurel Prevetti: The good news of the majority of the people we interviewed last week for plan check engineer the majority of those had those very skills we were looking for. We're very optimistic that as we bring in knew people, they will meet the reconciliation we need. In addition, we have launched our superior customer service initiative. This is a mid management effort. We talked quite a bit about that at our last committee meeting about how do we engage with our own staff all the way down as well as how do we engage with our customers to really define what that superior customer service looks like. So we've started that effort and we've started the outreach within the organization across all of development services. We will also be reaching out more deeply with our customer base. What we're finding is we're a people first business. We're not just behind the dust reviewing plans. We want the people to understand that that's the service delivery that we're here to offer. We're also looking at data coming from our scientific customer service study and we're finding that our staff is being better in terms of being able to reach out and find solutions. So we have some data we will be sharing with you next month about how well staff are doing. We're finding that we actually do better on the ministerial, which means the building permit side. But on the planning side, you know, folks would like to see us do a little bit more problem-solving on the planning side. So we'll come back with you next month with some of those specific results. But I just wanted to assure the committee that the memo that you provided to us last month, we are taking to heart. And it's already driving changes within the organization. Both as we manage our existing staff, bring on in ones, and then really working with our customers around how, not only the what of what we provide but the how of what we provide. Thank you.

>> Kim Walesh: So in addition to helping companies, we also help residents of San José. So Work2Future held another just very successful job fair. I think we really have a good core competence on bringing together job seekers with employers that are actively looking to hire. So that was on end of March at the Mexican Heritage Plaza. Downtown, I just wanted to point out two things. One is, we have re-engaged with Acer America in the last

couple of weeks it will I don't think it's widely known that acer's headquarters for north and South America is located in Downtown San José. They have about 100 people. And so we met with their entire executive team, and their CEO open a number of ways that they can get partner and get more involved in downtown, in San José and in Silicon Valley. It was really a very excellent meeting. I wanted to out our other name brand high tech company downtown in addition to Adobe is of course Oracle. And Oracle is in the FTI process now to have employees move into two additional floors. So the good news is that there's only one additional floor available in the Oracle building now. Which is of course host to PWC as well as Oracle. So that again is a very, very good sign. On the cultural and sports front, you may have noticed walking to this meeting that there's two new exhibits in City Hall during the month of April which are brought to you by our public art program. The first one in City Hall here is an exhibit about Coyote creek. And then the city windows calorie is an exhibit called art inspector healthy art. It's co-sponsored by energy wise and also has an environmental theme. The office of cultural affairs with the art commission just competed their very extensive competitive grant review process this month. And also I just want to give kudos to our public art program in that they are being contracted by VTA as bus rapid transit is developed from Diridon station to capitol expressway. Our public art program will be doing the coordination for the public art. We've just completed a great run of Cirque which we'll talk about more this afternoon, and are now planning for the Amgen tour of California, the start which will be in San Jose in a couple of weeks on May 15th. So that concludes my verbal report.

>> Councilmember Herrera: Thank you, Kim, thank you, Chu Chang and thank you, Laurel Prevetti. Do we have questions? Sam.

>> Councilmember Liccardo: I just wanted to thank Chu. You've been really fantastic when whenever there's been a dispute with a customer. I really appreciate your willingness to jump in there and start things out. I know you're pulled into a lot of different projects so I want to say thank you very much and congratulate the team on LSI and advantest. I think it's really wonderful news.

>> Councilmember Herrera: I had a question on LSI great news. Could you comment on how much our construction taxes -- did it have a role in incenting them to make this move or changes in construction tax?

>> Kim Walesh: Let me ask Nancy Kline to comment on that. She's been involved with this project every step of the way.

>> Nancy Kline. Indeed councilmember the reduction in construction tax was very significant. We were in competition with Santa Clara and Sunnyvale. They very much like those buildings, that are Dunahoe buildings that are beautiful and low energy, but at the same time, need a lot of upgrade because they're older buildings. So it was very significant for what actually council took to support having our indeed type D R&D type users coming in at the industrial rate.

>> Councilmember Herrera: Great. That's great to hear that policies we're putting in to place we supported from this committee are making a difference in support of getting companies to move and upgrade to where we have existing buildings. That's wonderful news. I want to congratulate the work being done in development services and taking seriously the customer focus and really putting that out there. That's great, look forward to good feedback from our customers, even better feedback as we move forward with these. I think the soft skills are really important and it's good to hear that you guys take that serious and are moving forward on that. If there's no other questions we'll move on to our next item. Thank you very much for the report. We are on to item D-2 which is our incubator program update. And Richard Keit is joining us.

>> Kim Walesh: And Jennifer Chen.

>> Councilmember Herrera: And Jennifer Chen. Thank you guys.

>> Thank you. This is just a progress update on, as we had told the committee over the last year or so, that we'd be coming back to give progress reports on the request for information on the incubator building downtown. The RFI went out and the response deadline was February 27th. We got three responses from San José State university research foundation, Humboldt state university sponsored foundation and the Irish invasion center. Our request was very specific in stating we wanted to know exactly how much funds they could contribute towards the

rent. Currently, the annual rent is roughly \$494,000 so it's significant. Our responses, I'll quickly go over that from San José State research foundation was, they sublease a little over 19,000 square feet. With 17 cents a square foot. So that's about 60 -- a little less than \$69,000 through the term of the lease which is September 2014. Humboldt came in as you can see at 75 cents a square foot. They lease much less space. They have one and a half floors including the major training room. Which is a little less than 2500 square feet. And that would bring in roughly \$50,000 at the end of the lease period. Although they individually submitted, these two can be brought together combined because neither one wanted to take each other's space. They run the existing operations in the innovation center. With Humboldt operating and managing the entrepreneur portion, and San José State operating and managing the two incubators, the environmental and the U.S. Mac, the international incubator. Together this reduction is a little less than we hoped for, about \$119,000 to the end of the lease which is only about 11% of the outstanding lease obligation. Having said that, though, we did meet with these two organizations, and we specifically, Office of Economic Development and the successor agency to redevelopment met with them and we did meet with San José State to see if they could bring that number up, even though it's a significant number of square feet. We didn't think they could achieve 75 cents, it's not economically feasible, but we would hope that 17 cents would increase. And they're doing their review, of that to see if they can come up with some more money through the lease period. And they also, if you look at, they offered -- they started, excuse me their increase in January, and we said that's unacceptable, we'd have to start in July of 2012, as Humboldt did. And I don't think they'll have any problem with that. It's getting up above the 17 cents a square foot which may be problematic for it but we should see. We should know by next week on that. Okay, next. The Irish innovation center submittal has been and said they're interested in a joint program with U.S. Mac, I know they're working very closely together. But in their proposal they provided no lease dollar amount so we have no idea what that is. They did say they have a potential to revenue-share with the city and we don't know what that -- what the components of that are. However, we do plan to meet with them, as we did with the other two entities. We thought we had a meeting set up for last week and it moved. So we'll hopefully do that in the next two weeks. And once that's obtained and a CFA actually came forward with a dollar amount, we'll come back with a -- hopefully next month. I don't see why they would be any more protracted than that, with a recommendation from staff and is for your input. Now, of course, all this -- next item -- all this when we finalize the talk with the three entities and see where we can go, I also am very confident, feel we can negotiate with the property owner because clearly this is

way above -- we're paying \$1.53 a square foot. It's way above market. However, we do have a contract that the attorneys say is ironclad with that. But that doesn't mean we're not open to negotiation. And my goal is not to lose the entrepreneur center or the 64 in the in the building unless somebody can come in, like if the Irish innovation center comes in and wants to take the whole building over, then that's the way the RFI was posed. Our goal is to minimize cost but of course, as an economic development entity, we very much want to see the entrepreneur center and the incubator stay in San José in downtown and in the innovation center if all possible. Lastly this is still contingent as everything else we're doing right now approval of the oversight board but that would not occur until we take this before this committee and probably the full council. Any questions?

>> Kim Walesh: Just to clarify. I think originally we had you reporting back in the June meeting of this committee. Are you suggesting -- we can do that in May instead and then you will have time to go to the oversight board before the lease needs to be changed for July 1?

>> Yes, that's the goal. I think we should be able to achieve that.

>> Councilmember Herrera: Okay, do you have a question?

>> Councilmember Liccardo: Did you say \$1.53 is above market right now?

>> I think for that class, I don't know, it's C plus, B minus building, yes.

>> Councilmember Liccardo: Okay.

>> And we have much vacant space by the old medical center building and other spaces than that type of facility.

>> Councilmember Liccardo: Right. Where would market be, roughly?

>> I think closer to \$1, \$1.20.

>> Councilmember Liccardo: Class C, thanks Richard.

>> Councilmember Herrera: Do we have any other questions on this? Richard, would it help, in terms of renegotiating with the landlord, to look at an extension of the lease with a new entity to try to get the price down or no? I'm just asking.

>> It would except we're hamstrung like with everything else, we can't obviously enter into any new leases that would extend the life of SRA, the successor agency.

>> Councilmember Herrera: Is there anything we can do to get us out of the lease?

>> No.

>> Councilmember Herrera: Just asking. (inaudible).

>> Councilmember Herrera: I mean them applying their ability to unwind things if they thought it wasn't good for the successor agency. They couldn't do that. I'm just asking if there's any wiggle room for them. Pretty ironclad contract. I don't see the lawyers coming up with anything here. So I'm guessing there's no --

>> We asked them to look at it several times.

>> Councilmember Herrera: So I was hoping to get a few more responses on RFI. I think that was the idea of some of my colleagues here. What was the general idea of the responses from the folks who did respond? Or did we get any sense of what the -- why weren't we getting deluged with people wanting space?

>> I think just the realization of the cost of the lease is fairly significant for the type of building it is.

>> Councilmember Herrera: Okay. So it sounds like we're going to be saddled, we're stuck right now with 89% of the cost then that's what it would look like?

>> That would be the case, yes, unless as I set either the Irish innovation center or the San José State can increase their amount.

>> Councilmember Herrera: And so who foots that bill, then?

>> Well, it could -- that's that could be problematic too. It could be -- we still with selling assets, hopefully we have some funds available on the agency side. Or it could be the General Fund, which is problematic and that's why we would take it back to the committee and the council. And the oversight board to see. But I mean my recommending, comparing to pay some of our other contractual obligations like toilets downtown, I would think this is a more important thing. But that would be ultimately for the committee and the council to decide.

>> Councilmember Herrera: Is it -- where does it fall in terms of a list of obligations on the successor agency list, where does this fall?

>> Well, like all our contractual obligations it's below all the bond, both the senior debt and variable debt and payments for the convention center that the city obligated, all the other things that protect the General Fund. Now the good thing is General Fund -- the city General Fund is in no obligation to pay this. If we didn't have the fund then it would be up to council to do it. At worst case scenario to be perfectly honest, they could sue for breach of contract and they'd be in line like all other entities.

>> Councilmember Herrera: So they would be suing the successor agency and that board which is comprised of some representation from the county, representation from the city and who we think ultimately could be responsible.

>> That is why part of the negotiation is helpful.

>> Councilmember Herrera: That might cause the owners there to look at the bigger picture and maybe want to do some modification.

>> Correct.

>> Councilmember Herrera: That's a little more hopeful then. I'd heard that the San José entrepreneur center is listed as one of the top 10 incubators that are changing the word on the Forbes top 10 list. Something positive on this, that we can use as marketing. It's listed on Forbes as one of -- yes, the entrepreneur center is listed as one of the top 10 incubators that are changing the world. Something positive, a positive factoid. Great, I guess we need a motion to accept this report.

>> Councilmember Liccardo: Motion to accept.

>> Councilmember Herrera: All those in favor? Opposed? No, moving on. We are moving on to item 3, Cirque du Soleil. Which we just had a great event down there and Kerry Adams Hafner is going to talk about that.

>> Kim Walesh: We have Tammy Turnipseed and Michael Lew from Public Works if there are questions.

>> Just get this queued up. [Laughter]

>> Kim already did the introductions. So I just kind of start with slide 2. Are you ready to go?

>> Councilmember Herrera: I was hoping that we could get some of the Cirque du Soleil productions.

>> Behind the scenes of the performing arts that you just saw.

>> Good afternoon, we're here today to talk to you about alternative sites for sic du sleigh in the downtown. As you recall when we came to the city council in November of 2011 you did give staff direction to return to CED within six months to report on alternative downtown core sites for the potential staging of Cirque du Soleil and on increased emphasis for use of public transit for access to the site. So the purpose of today's report will be to one, propose a potential downtown core site for consideration, and provide an overview of the key issues related to the site. This is timely because Cirque du Soleil has approached San José in letting us know that they would like to return to San José in the fall of 2013 with a new big top production. So retaining Cirque du Soleil in San José meets our cultural as well as our economic development goals. They deliver high quality art experience to about 120,000 people every time they come to San José. Additionally they do generate approximately \$22 million in economic impact to San José. Of which about \$635,000 comes back to the city in the form of parking revenue, sales tax also T.O.T. At this time I'm going to turn it over to Tammy who is going to provide us more information on Cirque du Soleil's site requirements.

>> Before we move forward we would like to provide you some background on Cirque productions. Since 1992 Cirque du Soleil has brought their big top productions to San Jose, and since 2006 the E lot has been the site for these productions. The move from downtown core sites was due to construction and development of the downtown core which eliminated large paved empty downtown sites and a need for larger site for location for Cirque's big top productions increased in size. It is important to note Cirque management is supportive of moving to a downtown property if the business model makes sense for their product cost and the site meets their technical needs. Otherwise Cirque management is pleased with the E lot site and would like to remain there as long as possible. Also in general, one of Cirque's preferences is, when possible, to use a site that offers options to return on a recurrent basis over a long term period ten years or more on average one and a half to two years. To give you a perspective of the technical requirements for the site location for Cirque productions we want to provide you a list of the specifications provided to us by Cirque management. Please note this is a list is not reflective of all the specifications from Cirque du Soleil but does provide the main specifications required for the space. 242,300 square feet of space or four and a half to five acres. Free of any obstacles, trees, lamp post, buildings et cetera, easily accessible by major roads and public transportation service, visible from major arteries close to downtown or a major commercial event hub. Parking for 700 vehicles. The surface should be flat leveled

and paved. The ground should be able to hold up to 1,000 stakes at a minimal depth of four feet and sustain heavy trucks and fork lifts without degradation. Access to potable water, sanitary sewerage and telecommunications connections, total occupation period of three months, including site preparation, remittance setup, tear down and performances. This should also note that we need an additional period for the city to do site preparation and restoration for Cirque to come in and that typically an additional month. As previously mentioned the preferred site options an option to return on a recurrent basis over a long period of time. I will now turn the presentation over to Jamie to present the sites reviewed in the downtown core.

>> Thank you Tammy. Originally staff conducted an overview of downtown core areas for any sites that might initially fit the need of a future Cirque performance. We were able to identify ten properties as you note on the aerial map. After further review of each site and a tour which Tammy went on with the Cirque staff nine of the properties have been eliminated. Given the needs of Cirque those nine properties were found not to have the required dimensions either in length or width, had limited vehicle or pedestrian access Would require extensive and expensive site preparation or advancement or the sites on train street where we anticipate development of the property within the next 12 to 18 months. The last remaining site is the Adobe parking and water company which is owned by Adobe. The orientation of this match is the large space on the right, and I am sort of challenged somewhat with a laser pointer so excuse me. The large on the right, which is Adobe East, and then triangular, which is Adobe West. The L shape here from about here over down to here is the water company building and their parking area. The property is bounded to the north by Santa Clara street to the East by highway 87 San Fernando to the South and Los Gatos creek to the West which is just and then a little further west is Autumn Street. Both East and West areas are currently being used as additional parking for arena events. The site was last used by Cirque in 2003, for the Varikai show and remains a viable location to Cirque management for three reasons. The site has already hosted a smaller Cirque show on the eastern parking lot. It's visible to the freeway, and its proximity to the train and light rail stations. In August 2007 this same site was researched by RDA and OCA to bring the Cirque production of Kuza from the E lot to the downtown core. Ultimately the E lot remained as a site for that production. Tammy can provide you with some of the key issues for the potential use of this site.

>> Currently Cirque management has determined the upcoming production in the fall of 2013 will require more than just the Adobe East parking area. At a minimum the water company parking area is required and possibly the use of Delmas avenue and Adobe west parking area may be required for the production. Based on this information we want to present to you the key issues related to this site. The key issues with the site including the city would have to acquire support to secure the site from Adobe systems and the water company for use of the parking areas for a three to four month period. Addressing the alternate parking challenges presented by the potential four month occupation period with the San José arena authority, the San José water company and Adobe systems, determine if the upcoming instruction projects for under-grounding utilities will meet Cirque's time line. We are working with Public Works staff to determine the timing and the scope of the work for the area. Currently the trenching in the street is scheduled for completion in August of 2013 and the under-grounding work to follow the next eight to nine months. Assess the city funding to prepare the site for occupation. Much of the area is surrounded by fencing, landscaping, light poles, et cetera. And the city would have to determine the cost related to removal of these items for occupancy by Cirque as well as any cost related to offsetting parking for the water company Adobe systems and the arena authority. Additionally time is needed to allow Cirque management to assess the compatibility of the site for the technical specifications, determine production and marketing costs associated with this site and to determine their feasibility to use the site in the future. So I'll now turn it over to Kerrie to wrap up.

>> Thank you, Tammy. So as I mentioned previously, Cirque management does want to return to San Jose in 2013, which does give us a fairly short time line to determine a new location for the event. They are also mutually interested in a downtown location, begin that it immediacy their business model. So what is our way forward? In terms of the Adobe site, and that water company site, our first step is to reach out to the Adobe and water companies to determine their willingness and at what cost, to let Cirque use the site for a three- to four-month window. We anticipate that any alternative parking for employees and HP Pavilion visitors will be a key issue. Next we'll have to determine the cost and funding sources to prepare the site for Cirque's use and finally determine if a multiple year agreement can be negotiated for the site. Our goal is to sustain our relationship with Cirque management to ensure a viable site in San José in 2013. And again, we want to bring Cirque back to San José, either the Adobe water company site or at the E lot. And for the long term, our goal is to explore the creation

of a downtown festival site for large outdoor events as well as big top productions. So this concludes our verbal report at this time. We'll open it up for questions.

>> Councilmember Herrera: Questions? From the committee? Sam.

>> Councilmember Liccardo: First of all, thank you. Thank you because I know that I appreciate your responsiveness to the question. I know that we go through this every couple of years as sort of a groundhog day where we rely circus out there on the E lot and boy, wouldn't it be great to get them downtown for all of the reasons. Certainly it would drive parking revenues, it would drive a lot of vitality in our restaurants in downtown, but also it would avoid a lot of headaches in the neighborhoods. And I can tell you I'm grateful to all those things as well as whatever we can do to boost transit usage so I really think this is important for us. The question I had, at this point have we had any conversations with water company or Adobe about the sites about whether or not they're open to --

>> We hadn't -- we haven't had what I would call conversations, but we gave them a heads up that when we completed our analysis at the end of last week, it looked like this was the only possible site, and we would be getting a read from you, and then we would be prepared to have further conversations.

>> Councilmember Liccardo: Okay. It seems to me as investment starts to get increasingly directed towards that area in Diridon, you know we just got electrification of CalTrain we think over the goal line, BART hopefully soon thereafter. These sites are going to get more valuable and I imagine that Adobe's getting commitments from us to underground those utilities may be used as some leverage in facilitating a favorable deal on the lease. And so I wonder if -- I mean obviously they want to develop the site at some point and they would love to have though utilities under-grounded. And so I wonder if that could be a condition of some kind to help move those things. Is that sort of the direction that you're thinking?

>> I think at this point we're just going to open it up with our relationship with both companies.

>> Councilmember Liccardo: Okay.

>> And just probe explore. But that is a good approach to potentially negotiate this potential agreement with them.

>> Councilmember Liccardo: Okay.

>> What we don't know is what will be the cost to those companies to find alternative parking so that, we know, will also be a secondary negotiating point.

>> Kim Walesh: And potential loss of parking revenue from the site. So another key issue here is a conversation with Cirque about the timing of bringing the show back, especially in 2014. If we could make that site work it would obviously be much better if they were there May, June, July, August than during the hockey season, right? They've been pretty insistent in coming to us in the fall, but to make this site work we might need to change the timing to the summer months.

>> Councilmember Liccardo: Certainly, that was sort of my next question. So I appreciate your thinking about it. I would imagine the Sharks have quite a bit to gain, to the extent they control parking revenue on a lot of those sites, right? So they certainly could benefit quite a bit from all this. And hoping that they'll realize that.

>> Kim Walesh: I think they would be concerned about the loss of parking for their patrons that now park on the Adobe site during sharks season.

>> Councilmember Liccardo: Yes, agreed. I know they'd always like to have it in their front door but I know we have good parking stock nearby, hoping that they'll recognize that. Just a couple of questions about sites that were considered and rejected. I know in the Brandenburg site, away something I had been pushing for in prior years. Is the assumption that if intercorp gets going on its development there is no more space, there's no more four and a half acre space defined in that area?

>> Councilmember Herrera: Can we put the slide back up?

>> Kim Walesh: It's just the scale of Cirque has grown since they first came to San José. So there's not 74 and a half to five acres there.

>> Councilmember Liccardo: I see Nancy nodding there, there's no room. The south hall tent site, in a world of a -- happier world of a nonexistent tent, there's not enough room there either?

>> There isn't. It's not wide enough. It's long enough but it's not wide enough. We're missing about 130 feet. We would be literally in those folks' houses if we got what we needed. What happened is over time the south hall lot was actually used at one time, but that was when Cirque was in the early '90s in a very small production. They also went to where the site is currently where the 88 building is, another really small footprint. So over time they've grown and become more successful and so has their operation. They're looking at somewhere between four and a half and five and a half acres.

>> Councilmember Liccardo: With all of the contorting and twisting and acrobatting that they do, you would think that they could fit into a different-sized site. But anyway thank you.

>> Councilmember Herrera: Other questions. Pierluigi.

>> Councilmember Oliverio: Remind me how many people attended last year or this season?

>> About 127,000.

>> Councilmember Oliverio: You mentioned some economic benefit to that. And then if the property owners were conducive to that my guess is the people that park on there for nonevents could be just accommodated at the San Pedro Square garage because my guess is that garage is not full on a typical day?

>> You mean those that are attending the Cirque event if it was to be at the Adobe site?

>> Councilmember Oliverio: If I'm a San José water employee and that's where I park every day and you're going to take my lot, I assume you'll -- City would offer me parking at the San Pedro Square garage and my guess it's not full so --

>> Kim Walesh: You're right it's not full and it's several blocks away so that would be a good alternative.

>> Councilmember Oliverio: I assume each city has its own challenges finding space in these prime areas of all these great cities. And does the Cirque pay rent or pay some type of fee to these cities, and does the amount, whatever that is, would that -- does that cover you know, moving things in a Public Works format to accommodate them?

>> What we do is we negotiate a lease with them which is standard from what we've always done with Cirque from my understanding. At least when OCA has been negotiating it, it's always been a lease agreement. And that lease agreement includes the cost that it takes for the city to prep that site. So that includes us remove light poles, take out trees on a rare occasion, to have the staffing to do move-in and move-out, to get the sanitary, make sure all the sanitary connections, the telecommunications connections are there and operational, and then to, in the E lot, offset the police department to a new location to park, and then the restoration of all those sites back to it. So we negotiate that based off of that. And what we don't know about the water company, but in 2007 when we checked this out along with RDA, Bill Ekern was part of the partner with that, is that we found that the offsetting in the water company is quite extensively higher than in the E lot. Same thing for Cirque. Cirque remembers, because they were with us partnering in 2007. Doing the tent layover and we pretty much have -- well, we have to get the draftsmen at Cirque to overlay the footprint. But we know it won't fit only on if East side. We expect it this is a go all the way over to the West side parking and include Delmas. But based on their information Delmas was going to be an expensive location because there was already underground utilities there

anyway. So they really have to be strategic, and that raises their cost. So there's our cost and then there's their cost.

>> Councilmember Oliverio: Is that number public they paid us for our time?

>> Oh absolutely, \$100,000.

>> Councilmember Oliverio: 100,000?

>> 100,000. For the E lot. And we're just now closing Cirque out. Literally, we did the walk-through on Friday, and to make sure everything will work out. So we will resolve that, but it's always been hovering right around 100,000. I think we've taken it up like 10% over the years based off of cost.

>> Councilmember Oliverio: Just trying to understand their model you say 127,000 visitors?

>> 127.

>> Councilmember Oliverio: They spend X pay X based on that amount of revenue. I can't imagine we're the only city challenged for these circumstances, obviously we want it to be in the most ideal location, so does Denver and Chicago and any other city that has the opportunity.

>> It's a challenge. You don't see.

>> Councilmember Oliverio: High school sports field?

>> You know they tend to be on some of the outlying areas of the downtown. You know we know that being downtown core is limit Wednesday its available space that meets these requirements. The only other city I've seen that has been in their downtown is the city of Santa Monica where it's right on their parking lot, right down by

the pier. What Tammy brought up, what we'd have to look at and negotiate is what are the Cirque costs, and what are the city costs, if we want them to come down to the downtown site and whether or not this cost can be built into the Cirque's business model and their pro forma. And if not is the city ready to pay a portion of those sites to bring this to the downtown. And those are all a series of questions that we'll have to navigate through.

>> Councilmember Oliverio: In your discussions with them, did they ever say, well, we really used to love going to Seattle, but it just became too difficult, we don't visit Seattle anymore. I mean, is there ever -- does Cirque just simply write off cities because there's no feasible place to locate?

>> You know Cirque -- we try to very much so to retain a good relationship with Cirque and I believe that we have done so. But they are very much interested to returning to recurrent sites. They are interested in the E lot for 2013 and as we know we may lose that site anyway. It is incumbent upon us to find a location for them. Our relation with them is good and they want to come back. Physically I realize that. Did they talk to you about other challenges in other cities they just couldn't return to or something like that?

>> I would say when they're routing their productions, they're constantly developing new productions. When they're routing a new production, and let's say they have a window of time to route something, and maybe there's an opening, they will fundamentally go to the places on the map that they know have a turnkey site that have limited need for a lot of extra work that they can just fit in and move in fairly quickly. So it does make a city of a higher preference put it that way.

>> Councilmember Oliverio: Thank you.

>> Councilmember Herrera: I know we're focused on the downtown but are there other areas in the event that we can't -- this doesn't work out financially? Because one of the things I want to understand here. This \$100,000 that they pay us, is that cost recovery?

>> Yes, absolutely.

>> Councilmember Herrera: It is?

>> Yeah.

>> Councilmember Herrera: I know in the past when we had redevelopment agency, they certainly would be able to subsidize if there was some need to do that, for lost parking or whatever the issue would be. Can you help me understand a post-redevelopment situation, how that would work with the Adobe site, the proposed site you're looking out downtown, and what the delta might be.

>> Kim Walesh: Well I think we don't know what the delta would be. We would try to get to a situation with Cirque where it's in their interests and works for their economics to cover all of the cost potentially even lost revenue to one of the partners in exchange for accessing our market. If we couldn't do that, and there was some subsidy that was required or we felt was justified because of the general fiscal or economic impact we would bring that to council, we wouldn't go there first.

>> Councilmember Herrera: Just trying to understand post-RDA is there any difference here? I guess I'm concerned about having other options. It sounds like our partners, Adobe and the water company, may have something to say about a proposal like this if it's going to cut into parking revenue because that benefits Adobe I would imagine.

>> Yes.

>> Councilmember Herrera: So I mean, I'm hopeful if that's an ideal site and we can make that work for 2013, that's great but going forward we need to think of a site where we can do there on a recurring basis and have other events there frankly too. So I'd be interested in hearing other options that might not be as much in the core as it is now but maybe outside it. I don't know if there are, if there are options like that particularly that would be near the freeway or near major arteries as they set if there are any other options like that?

>> Kim Walesh: We have some general thoughts about that but since the direction was to do a thorough analysis of sites downtown that's where we've focused but we could in the future take a look at some other options more for the long term.

>> Councilmember Herrera: I don't think we should rule that out. Especially when I'm hearing staff say in other cities it is not the case that it's typically downtown in the core. It's usually a little bit outside. Now, we may not have a site like that. I don't know. I'm not thinking of any particular site, but I don't think we should rule it out if there's an opportunity to do that and then have a recurring place that would be -- that we could keep for more of a longer term kind of a situation.

>> Councilmember Liccardo: Thank you. Sorry to jump in. Can we go back to that map with the downtown sites reviewed?

>> Which map?

>> Councilmember Liccardo: The downtown core map. St. James park was on there which I thought was intriguing. I'm guessing it's too soft? You need hard scape?

>> You know at one point I think in 2007 that was one that was asked about. But it is, it's got turf, it's got trees everything would have to go, but it's still not large enough. It would be a cement box and we would be in the post office too I think.

>> Councilmember Liccardo: Okay, so we will check that one off the list. I can remember going round and round in '07 with Bill Ekern trying to figure out the number, and I couldn't remember exactly what it was that kept us from going there. Was the utility under-grounding costs?

>> It was a combination of things that I can recall to be honest. We couldn't secure the water company we simply had to have the water company L shape. And also Cirque didn't have enough time to do the analysis and we were kind of in the same window with Cirque. Cirque is out there with you know tons of shows lifting with certain people. So they didn't have the time to do the analysis and then the under-grounding was a big issue for us. We couldn't quite get that there. So those were the three that I remember mainly with that site.

>> Councilmember Liccardo: And recognizing that Cirque needs a lot of time to design sites and so forth, is it possible to say Cirque, you got the E lot as a backup plan but in the meantime we want to study this. Would they be able to deal with that for several months?

>> They have been very gracious, with the e-mail trails that I've been sending them, sending them questions on things to say help me out, tell me if this can happen that can happen, they will. Their draftsman has not been able -- he was able to overlay -- tried them just at the east lot, knowing the issues that we had in 2007. I said can you get it on just the Adobe East lot that came out very clearly no. What I'm asking him to do next is how can you get that on there and how much of Delmas will need to be used. His draftsman is out in the field. I absolutely know they'll work with us. They want to return, they want a confirmation fairly soon is my gathering.

>> Councilmember Liccardo: Thank you. I would just comment that if in fact you manage to move this into the core, they'll build a statue to you in the Vendome neighborhood. And I see David Wall is here.

>> Councilmember Herrera: Any other -- Ash.

>> Councilmember Kalra: Appreciate the presentation. I know the sense of the council is they want it downtown, and that's what occurred previously was the issue with utilities. And kind the proper shape and square footage and all that. And so I know that the council requested certainly to find a place in downtown core because of all the benefits that have been mentioned. And certainly if we can have people going out to dinner before they go to a show in downtown, as opposed to driving from wherever they're coming from, going to a show, and leaving, which is what the current site essentially offers, and in the middle of really affecting the neighborhood there. So the

current site works, it's not ideal, and I think it's good that we're looking at a downtown site. I'm not so concerned to find one outside the core. I think we have plenty of empty big parking lots and a lot of places in the suburban parts of the city where I'm sure we can find a site if we had to but that's then, we're selecting a nonideal site. The ideal site is in the core that can be easily accessible and that helps, I think, to boost our retail -- the retail in the downtown. So it's something that could work, that site could work and I'm fully supportive of moving to the site. The one thing on the -- being on the train station and all that, again something to keep in mind is that being on the CalTrain, the train schedules are not necessarily going to be consistent or compatible with the show schedules especially the later -- the later evening shows on the weekends and although it's great to hear there's 127,000, over the couple months they show, it's probably not enough people that come to shows to justify trains to run you know late trains they do for sharks games or giants games or all that. Just to keep the options in mind, take a look at the schedules. Just the fact that you're bringing into the downtown, near the freeways on and off, so I mean that also helps in terms of transit in making it more effective and efficient. Thank you.

>> Councilmember Herrera: Any other comments? One thing I'd like to say about looking at another location is, it could be near transit stops. I know that when I visited Portland on our trip up there to look at how they do things, folks didn't -- they were going to use the stadium downtown, took transit in, and were able to do that. So I think that transit could be an option for people even if it wasn't-they could take transit to the restaurants in other words. So I think we should keep our options open to a certain extent. We have one member of the public to speak on this, David Wall.

>> Good afternoon, Your Honors. Especially you my Councilmember Liccardo, in the spirit of collegial debate. First off, the mathematics used to derive these estimates of profits, from my perspective, without hurting anybody's feelings, is nothing but a textbook case of misrepresentation. We reference the memo dated November 15th, 2011 about Cirque du Soleil that appeared on your agenda, and \$20 million was the estimated impact. Now we have today through testimony, \$22 million was the impact of this commercial enterprise. I contend, an argument just for debate and noticing purposes, if these estimates are found materially to be untrue, therefore the justification to waive permitting and however you allow commercial enterprise to enter into a neighborhood could then be the foundational argument for a nuisance operation within the city. Now, personally, if Cirque does go

back to the E lot again, because of today's testimony, and as this is a variation of noticing, I'm going to pursue this as a nuisance operation. Because I don't want it in my neighborhood. It is a terrible operation to have in a neighborhood. And so to be fair, and charitable, here's a couple other properties you haven't looked at. What about San José State that borders Kelly park? There's a big area down there that they could use. What about the fairgrounds where they could deal with the county? That's a perfect spot for a circus is the fairgrounds. But if you run across any other place that you can't use, put them in Morgan hill but not in the downtown or my neighborhood. Last question, also for a query, who pays for the sanitary sewer hookup? I'd like to know how that is paid for. And other than that, I don't view the Vendome neighborhood association as being responsible for agreeing --

>> Councilmember Herrera: Thank you, David, your time is up. Thank you. Okay so I need a motion to accept the report. Do we have a motion to accept the report, the verbal and the --

>> Councilmember Liccardo: So moved.

>> Councilmember Oliverio: Second.

>> Councilmember Herrera: All in favor, opposed, none opposed, motion carries. We're on to our next item, which is an update on the villages implementation and the 2040 plan. I think we have Laurel Prevetti. And Manuel Pineda. Transportation.

>> Laurel Prevetti: Good afternoon again, Laurel Prevetti and Manuel Pineda from our D.O.T. This is a very, very interdisciplinary how we're implementing our general plan 2040. The plan was approved in November of 2011. It's really a jobs first plan for San José how we can focus growth within our urban growth boundary and plan for significant job growth as well as significant housing growth. We are looking at creating a city of urban villages planning for up to 120,000 new residential population and units. We need to meet the needs of all income groups within our community, and we heard loud and clear from our community that they are very interested in creating vibrant mixed use areas that are accessible by foot and by bicycle, et cetera. One of the goals of the jeopardy is

how do we bring more of these walkable places to our existing neighborhoods? So the general plan identified a very focused growth strategy. And we have significant development opportunities available right now. As development is picking up, builders are using older zonings and older entitlements to bring uses to our cities. So for example, Santana Row has just recently opened up new residential project. They're going to be under construction shortly on a new office tower. We also have development opportunities that are currently ready in downtown communications him and North San José. And we are eager to see job growth throughout San José. In addition we are trying to prepare new areas for investment. So we have two plans that are currently underway, one is the Diridon station plan which we hope to bring to council in spring of 2013. The EIR is currently in preparation. The second set of plans that is underway are the five wounds plan which is being done in coordination with the university as well as the community. We've also been very successful in obtaining outside funding apart from the City of San José to fund other implementation efforts in order to really facilitate development. So we do have money to essentially rezone portions of the Alameda, and Alum Rock avenue, so that way those sites are one step closer to being able to build. We also have grant funds for West San Carlos and South Bascom and we've put in for grant funding with the strategic growth council and we have not yet heard how our outcome will be there. But we're very aggressive in preparing as many of these plans as possible. We also have some residual General Fund money that's left over from the larger general plan update. So we are looking at how we can strategically invest that money. And this is why Manuel is here with me this afternoon. Is we are in our conversations with developers we've learned that what we can really do to facilitate this new plan is to do environmental clearance and make sure that our transportation modes are really ready for this new investment. So that might mean adding new protected intersections to key locations within San José. And what that means is that we will no longer be widening our intersections, but really, looking at how we introduce bicycles and pedestrian improvements, transit improvements so we can accommodate all of the trips that need to happen. But to acknowledge that it may be a little bit more congested as we build those places out. We are also looking at how we might be able to do village plans for some of the later horizons. We're starting to hear that the Winchester boulevard corridor and the Stevens Creek corridor in particular might be of great interest to potential builders as well as our interest in getting down into the Blossom Hill corridor to realize augment the investment that's happened around the Oakridge shopping center and also further East we see opportunities at Snell and Blossom Hill. We've been also engaged in other activities. The council since December has amended the

municipal code in several different ways to essentially streamline the development process. We're also looking at an incentive package that council will be considered in may regarding downtown and other high-rise opportunities. The general plan also provides for what's known as signature projects. And what that means is that if a new development is proposed at a key location within San José before a village plan is finished, that we could entertain such mixed use development prior to the full plan being completed. And in addition, the council is also implementing the plan through its capital improvement program. Shortly you'll be considering the new capital improvement budget. But even most recently your activities with respect to priorities for pavement maintenance and new bicycle lanes, those are very direct implementation measures for the general plan. So with that we'd like to open it for questions and any discussion that you might have with respect to the progress we're making and where you would like to see some future investments for our general plan implementation.

>> Councilmember Herrera: And I think we have some questions. Pierluigi.

>> Councilmember Oliverio: Laurel, I know we talked about signature projects throughout the general plan. But just so a land owner and developer has certainty, could they just clear away an existing significant outdated strip mall shopping center, put 400 units of housing and let's say 40,000 square feet of retail office, would that be considered signature?

>> Laurel Prevetti: So long as they are making a significant contribution towards the job generation for that site, so if the numbers that what you gave were commensurate with what's being planned for that particular village that might be possible. We're also -- we also want to make sure that the location of the project is within a prominent location so that it has the architectural character and is really the good first step to making sure we're bringing this village on in a manner that is consistent with our new plan.

>> Councilmember Oliverio: But just those numbers arbitrary, random, right, but 400 units of housing, 40,000 square feet of retail office, does that meet some meter when you pique someone's interest in your realm? Or keep talking.

>> Laurel Prevetti: What we would prefer is that folks actually look at the plan. There is a chart in the back that identifies the development capacity for each urban village. And so we would want to look on a per-acre basis if the share of the development that you're describing is commensurate with the development capacity, then yeah, we're definitely open for business and can consider that.

>> Councilmember Oliverio: And closer to the capacity would be more likely to trigger the signature?

>> Laurel Prevetti: That's right. We really want to make sure we are delivering on the jobs as this is a jobs-first plan.

>> Councilmember Herrera: Other questions? Sam?

>> Councilmember Liccardo: Just a couple of questions. On page 3 I know there's several potential urban villages that are mentioned. And greatly to see that staff's doing such a great job in securing grants for future planning. Around the Alameda, the Diridon to Hanchett, I look at a lot of those sites and you've got some -- not necessarily historic, but certainly older vintage buildings you probably wouldn't want to necessarily tear down. You've got a lot of single family neighborhoods going right up to those lots. I know that you've got potential sites like the whole foods site certainly that we expect to be redeveloped, that's already been decided. So I'm trying to figure out what's left to plan there unless we're also going down Stockton too. What kind of sites are you looking at?

>> Laurel Prevetti: Yeah, so some of them are the older auto related uses that are out there. And you're right, as we rezone, we're going to have to be very sensitive to those nearby single family homes. So what the setbacks would be and the buildings heights all of that will have to be carefully worked out. We're actually getting a fair number of public information inquiries for various properties particularly on the northern side of the Alameda. So folks are looking I think for reuse opportunities and the historic issue is one that we will have to take into consideration as well. As we rezone we'll need to do the necessary environmental clearance on those issues as well.

>> Councilmember Liccardo: Okay, if they redevelop those auto uses I hope they can keep that statute of that big guy.

>> Councilmember Oliverio: Dave the muffin man.

>> Councilmember Liccardo: Dave the muffin man. The other question I had was on page 4, the protected intersection policy and the potential expansion of that, which I know is something that has been embraced in the downtown which is great. I worry whether or not really other neighborhoods are really ready for that, that is, the notion they accept more development and don't get capacity to deal with the traffic that results from that development, and I wonder to what extent you feel like that's really been beta tested out there beyond the downtown?

>> Yes, that's definitely something we want to look at. I know when we did the first level of service policy modification is the protected intersection. So I think one of the key components out of all the committee meetings and council meetings that in San José many different areas function very differently, both from the land uses that they have as well as the way that transportation and traffic functions and what the expectations are. I do think that you know we did -- we do have about 20, 25 protected intersections now and they're all not within the downtown core but in adjacent corridors to it. I definitely think we have a lot more opportunity now than we did seven years ago when the policy was modified as to kind of what people's expectations are. And we do have some opportunities to maybe expand those boundaries as to how far out we can go but we'll still have to determine what the right process is to figure that out. I think in this memo we have a preliminary list of where we see options and opportunities, especially if you look at where we have grant moneys coming in for streetscape projects, bike projects, so on and so on. So we'll definitely have to go through that process again whether we did the initial modification in 2005.

>> Councilmember Herrera: Ash.

>> Councilmember Kalra: In regards to I know that kind of getting ourselves from the concept to reality of these villages is not going to be -- you know, all of a sudden we're going to have these villages popped up and there are going to be some transitional and phased-in and stepped-up type developments to lead us there. And I understand the concept of the signature project. And I know that -- and I -- and I say this knowing that the planning department and Laurel and Joe, I know that you are supportive of the whole -- the whole holistic view of village concept and not just that someone has a checklist having X housing units, X amount of retail square footage so I'll just put them there, and then there's a signature project. It really has to meet the vision of what these villages are intended to do which includes getting these people out of cars, includes getting the sense of place. I just -- I worry that this growing -- these growing pains we're going to go through between now and the village concept coming to a reality is going to allow a lot of opportunities where the council's going to be put in very difficult positions, whereas if you have these kind of quasi-villages. And I know it frustrates you and it frustrates Joe more than it does us because oftentimes I know that the Planning Department is one that kind of really holds firm to the policies that we put forward and then we're the ones that tend to bend more than the actual department itself. And I know that can be a source of frustration. However, going forward, you know, I'd hope that we can at least start to create the -- even in the smaller acreage if someone wants to come forward and do it, really start to create these -- make it clear to the development community that we're serious about creating these spaces and creating the village concept in a very real way even if we -- it's unrealistic to think that we are going to all of a sudden have a complete village built out. That if there are opportunities for developers that want to try to make some revenue by having residential, that they understand kind of why the general plan is so focused on the villages and how we want to get there. I know that for example we talk about public transit and accessibility of public transit and I know that sometimes that's -- it's a stretch sometimes when someone is talking about making developments you know a mile and a quarter away from a light rail stop and well trying to say well that's accessible to public transit when the reality is the far majority of folks are not going to at least in this area at this point in time, hopefully at some point we'll have a community that's accustomed to that, and we can get there. But that we have to be realistic about what we can expect out of these villages that are created. And so anyway, I'm just making some comments based upon a lot of the conversations we've had over the years I've been in office and I'm very excited about having these villages finally coming to reality. But you know, the protected intersections and things of that nature really should be reserved for those villages that really meet our vision and

our expectation not just someone that's going to build 200 homes and a Walmart and then say all of a sudden okay, let's get a protected intersection from that. Let's make sure we're actually going to protect intersections and now we're going into neighborhoods in areas that are not necessarily comfortable or aware of what that kept concept is, really bring them an asset that's going to be to that neighborhood and that community.

>> Laurel Prevetti: Thank you for your comments. One thing that struck me when you were talking is the implementation of this plan really does require a full partnership, not only with the city and the city council and its staff but also with the development community. We're doing outreach to builders who maybe never have built in San José but might be interested in doing something new and different here in this community. It is also a partnership with our neighborhoods how we all have the will and the confidence in San José to really achieve the vision in this plan. And I think what we're seeing is that the community is really ready for it. The last piece is spur San José, we're very excited about what that partnership might be able to bring to the table in terms of attracting the right kind of development for San José. So I think we've got a lot of different pieces that are moving together. And as we work with those older entitlements that might -- that might have represented what the city was in the past to the extent that we have the ability to maybe refresh them with some better architecture or better urban design we're certainly going to try to do so. But you're right there are going to be growing pains and we have to be honest with ourselves about what's its going to take to get this plan going. Thank you.

>> Councilmember Herrera: Thank you. Laurel what feedback have you heard from the development community as far as understanding what our real goal is here? I think Ash made a great point in terms of there's different elements to this and what we don't want is somebody getting two of the elements but not really seeing the whole picture so that we're trying to create a better quality of life in these villages and we're not just trying to get some more homes and a retail store. It's like a whole focus with creating gathering space and walkability and creating a better quality of life. So how much does the development community get this goal and are they receptive to it?

>> Laurel Prevetti: Well, that's a great question. I would say that the development community is not monolithic. There are very -- it's diverse so some of the builders who have been here for a long, long time and made their business successful through single family subdivisions and town homes they're skeptical about this

plan and they're worried that it won't present the opportunity that San José has presented in the past. They are interested in doing mixed use and are waiting for financing and other opportunities to come their way before they're actually ready to invest in the city. So I think we're seeing a wide variety. We also see and have heard from the developers that they're very interested in the city doing as much environmental clearance work as possible. So that way, all of those barriers are complete and then they can just come in and get their site and architectural permits. I think that story's still being written in terms of how we can work with our -- the builders who have been successful here but also attract new blood to the city as well.

>> Councilmember Herrera: So I guess two more pieces to that. Are we looking at other cities where it's worked, where this has worked, and how did they get the development community to buy into the vision? Portland's one of them and it's interesting that I did -- there were developers that attended that trip in Portland and some of the comments they made were, we hadn't seen this -- they were very excited about the possibilities that they saw there so I think it's really important to educate our development community on what we're trying to actually achieve and how it benefits them. It has to be a benefit to the business. Businesses have to see that this is something that's going to be good for what they're trying to do otherwise they're not going to be motivated to do it. I liked the feedback from the developers who went up to Portland and how they saw a benefit for example to building near transit and how there were incentives offered to them. They were just able to see more of a holistic picture up there and how things can work together. I'm guessing spur will be helpful to that and the community involvement. But I would just say as an editorial comment, we need to hold fast to the goals that we have in this village plan and not allow projects sneak in that do not meet these goals. I really think it's important. This is a real new step for us in San José's history. I think it's a chance to really get some great design and to really move towards this quality of life for neighborhoods throughout San José. So I hope that we really hold fast to what we're trying to do here even as Ash said there's going to be some challenges along the way. I think we have a lot of opportunity and I think Kim was going to say something.

>> Kim Walesh: I just want to reinforce what you said. This kind of city growth plan is really going to resonate with certain kind of developers and quite frankly, it's going to fall flat with others. And our local development community is extraordinarily important but we already see that this plan is attracting attention from other

developers who are experienced, especially West Coast cities, and know how to do this, and they see this as an opportunity that can really can create more of a there there for San José and quite frankly they weren't interested in us before and now I think we're starting to pique some of their interest. So we'll have a healthy interest of local developers who have been involved for a long time but hopefully this plan will attract some new ideas and some now, very experienced developers who really understand the urban village and how to do it.

>> Councilmember Herrera: Great so we had David Wall wanted to comment on this item.

>> This item tries my civility. I believe that 2040 vision plan is nothing more than an analogy of the titanic facing an iceberg. Where the City of San José is the titanic. And yet as much as they try to swerve off course and not hit the iceberg, the iceberg changes course and accelerates towards the City of San José. This whole plan should be a ballot measure because it is doomed for failure from the start. But let us look at the people that support it. We have approximately \$400,000 of salaries off to my left with the exception of the city attorney's office who are underpaid that support this. But even more so, we mention spur. Now, spur in my opinion is a cancer. We look at spur coming to San José. And then we look at the president of spur. Well, of course spur's president wants urban villages, because her papa is a big developer. Now, whether or not the two go hand in hand, is another matter. But when you look on page 6, with the Santana Row conversion, citizens don't have to realize what an atrocity that Santana Row was in the first place. It should have never been permitted. The lines on 880 to just get off at Stevens Creek are what, three miles long. Christmastime or Thanksgiving, they're even longer. Urban villages is about the dumbest thing this city has ever done. And I hope it will collapse because as soon as you start giving developers more and more perks which is the trend from learned councilmembers, with the exception of Councilmember Oliverio who's tried to maintain that traffic cost business for North San José, thank you, you're giving them too many Mulligans and you're destroying the quality of life. It's going to fail.

>> Councilmember Herrera: Okay. We need a motion to accept this report.

>> Councilmember Oliverio: So moved.

>> Councilmember Herrera: All those in favor? Aye, opposed, motion carries. We're on to an update on our five top economic development priorities. Are we done? Are we done? Why am I looking at that? We're done. Just wanting to prolong the fun here. Okay. We're done. Meeting adjourned. Oh, no no. Open forum. Open forum. David Wall you're up again.

>> There are always entertainment moments in these meetings to me. That's part and parcel of -- one of the reasons I come here outside of being a citizen. One analogy that you should consider when you're reducing parking spaces in buildings, residential areas, you know these high-rise places that you love. And also, with the concept we just discussed, narrowing roads. Just about a month ago or so, you were, you know, praising capital auto row, so we have an inherent contradiction in termination. Now, what we need to do is also focus on South Bay water recycling. And those costs. We have the Cupertino sanitary district already in formal rebellions. City of Milpitas has joined, it's time for West valley sanitary district to come online. But their arguments can be used for every homeowner or property owner in San José not to pay any portion for South Bay water recycling. And this goes to the issue if a government agency knows full well that discharge of final effluent never negatively affected the habitat, the state order is predicated on, and they have the data to prove it and they didn't ask the state to remove that from the permit. Do you have an issue where a government agency is just saying, we're going to continue to pay this, using the sewer service and use charge and watching the clock and hoping that you don't have to pay damages?

>> Councilmember Herrera: Sorry, your time is up. Thank you. Meeting is adjourned.