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>> Mayor Reed: Morning, call the San José city council meeting to order. This is the labor update session then we'll go into closed session and we'll be back in at 1:30 for the rest of the open session agenda. So let's turn to Gina Donnelly.

>> Gina Donnelly: Good morning, Gina Donnelly, deputy director, employee relations, there is no labor update this morning.

>> Mayor Reed: I have no requests to speak so we're going to go into closed session.

[RECESS]

>> Mayor Reed: (gavel strike) Good afternoon, want to call the San José city council meeting to order for March 20th, 2012. We'll start with an invocation, Councilmember Liccardo will introduce the invocator.

>> Councilmember Liccardo: Thank you, mayor. It's my honor to introduce reverend Sharon Hare with us from first Presbyterian church, which has served this community in San José for a century and a half. It's one of the two oldest Presbyterian churches in Northern California, and their mission focuses on serving those who are impoverished, providing such services as food, shelter, emergency transportation and medical care. Sharon has been serving at first Presbyterian since the middle of 2010. She grew up here in the Bay Area, left and came back in 2009, and in the meantime has had a remarkable career of service in leadership in ministry. She after college worked for the Salvation Army and attended seminary in Chicago working in the heart of downtown Chicago at a mission for residents for homeless women. She's traveled to Arizona to teach on a Navajo reservation, she's worked with Cesar Chavez and in Delano, she's worked in Watts and in Guatemala. So a remarkable career of service in ministry, and we are grateful to have her serving in San José, so Reverend Hare, welcome.

>> Thank you, Sam. Councilmembers, and mayor, it is an honor, it is an honor to be here. Pray with me, please, wondrous God we give you thanks for the opportunity of another day and for the possibilities it holds for good. We ask that you give those who serve this city wisdom to make decisions that are for the good of the people. We ask that you give those who serve this city creativity and imagination, so that they may be a council that is not afraid to find unique solutions to old and new challenges. And we ask that you give those who serve this city an extra measure of humility and love that they may serve the people of San José with compassion. And finally, lord, we ask that the citizens of this beautiful city honor those elected to serve them, and that we recognize our diversity within the city is a gift to be nurtured. We pray in the name of the one whose love for humanity knows no limits. Amen.

>> Mayor Reed: Thank you. Next we'll have the pledge of allegiance. We're going to be joined today for the pledge by St. Leo school third graders from District 6. Please stand. [pledge of allegiance]

>> Mayor Reed: Thank you St. Leo school we appreciate that. First item of business are the orders of the day. I have some requests for changes to the printed agenda. We are missing a couple of councilmembers who are ill. So I'm going to take item 3.4, the budget message first after the ceremonials. We need to add an evening ceremonial, a presentation of commendation to Bellarmine college prep varietyity football team. Item 6.1 nod in order to give some additional notice to the community although it's not legally required is the airport minimum standards. So my plan is to have the staff presentation, take testimony of anybody that's here because I know some people have traveled to get here but not take action today to make the decision but defer that action, defer the -- just continue the hearing for two weeks, so the council would vote on it in two weeks. We would drop item 7.1, proclamation on Greek Independence Day, move 8.1, regarding a grant, take that up immediately after the consent. Councilmember Liccardo.

>> Councilmember Liccardo: Yes, thank you mayor. Just a question regarding the continuance of the item relating to the west side development, the airport. I understand that we're concerned because a supplemental memorandum wasn't CCed at it typically is to all stakeholders, and particularly to citizens against airport pollution. But I see we have a letter that specifically refers to the supplemental memorandum from CAAP dated March 19th. So it appears as though they received it. My question is really who are we concerned that didn't receive notice are we concerned about?

>> Mayor Reed: Let me suggest that we take that up, rather than do it under orders of the day.

>> Councilmember Liccardo: okay.

>> Mayor Reed: We'll get to the item and then we can discuss whether or not how to handle the hearing that way you can get the question answered.

>> Councilmember Liccardo: Okay.

>> Mayor Reed: So we'll make that decision when we get to it. I just wanted everybody to anticipate the direction we may go. Was there a -- at one time I thought there was maybe a need to defer item 11.2, the tonight project on Asbury.

>> Councilmember Liccardo: Yes, mayor, that's the request.

>> Mayor Reed: The date?

>> Councilmember Liccardo: Soonest evening date.

>> Mayor Reed: Okay, first evening date whenever that may be, the clerk will figure that out. Anything else under orders of the day? Is there a motion? We have a motion to approve orders of the day. All in favor, opposed, none opposed, those are approved. So that will set our meeting agenda and is approved under orders of the day. We are going to adjourn this meeting in memory of Patricia Randazzo, committed teacher of the East Side school district for 37 years, dedicated to serving San José through her work in the classroom. Councilmember Herrera wanted to make these comments but she is ill so she's asked me to do that. We're going to honor the memory of Patricia Randazzo, who to those who knew her best she was known as Patty. She passed away on February 3rd at the age of 65. She had bravely confronted a debilitating stroke and five other cancers over her life and returned to her passion which was teaching. She is survived by her husband Joe Randazzo, her son Dante, her daughter Leanna, her mother Alice, her sisters Sue, Leila Carol and Margaret. We want to thank Patty's family and friends who are with us here today. We appreciate you joining us. Patty started work for the East Side union high school district faculty in 1968 and educated students for more than 37 years at Overfelt, Oak Grove and independence high schools. She taught speech, leadership, psychology, government, history, ESL and other subjects. She was very proud of her work with Axcel, Middle College Program and Evergreen Valley College, a partnership between East Side union high school district and San Jose Evergreen City College where students are able to complete their high school education while experiencing college course work. Her role as a teacher, mentor, surrogate mother, confidante and counselor were intertwined as she selflessly dedicated herself to serving those around her. Patty had a passion for teaching and showed her selfless commitment to her

students. Patty's life will forever be defined by her loyalty to those she loved, the lives she personally touched over the years, and her dedication to her students, and she will be missed. Our next item is the closed session report. City Attorney.

>> City Attorney Doyle: Mayor, there's no closed session report.

>> Mayor Reed: We'll take up the ceremonial items. I'd like to start by inviting Councilmember Chu, Richard Santos, Judy Santiago and Michael Gross to join me at the podium. Today we're commending the Santa visits Alviso Foundation for their dedication to bring the spirit of holidays to hundreds of children and their continued efforts in providing scholarships to the young people of Alviso. Councilmember Chu who represents that area has a few more words.

>> Councilmember Chu: Thank you, mayor. I'd like to thank my colleagues and the mayor for joining for joining me in the commendation to the Santa visit Alviso found of foundation for their dedication in bringing the spirit of the holidays to hundreds of children and continued efforts in providing scholarships to youth in Alviso community. It is a combined effort of the local community members and local businesses in the Alviso. During the holiday program, Thanker Landfield, a local business, provide barbecue lunch for all the attendees to enjoy so that's like eight, more than 1,000 hamburgers due on that day. Santa visit Alviso was founded in 1983, December last year we celebrated the 20th annual Santa visit Alviso annual program which serves 850 people with 460 toys and books given to the children and teens. In addition to the holiday program, the Santa visit Alviso foundation offered educational scholarship to youth, sponsored reading programs at the Alviso library and annual egg hunt. The swimming lessons and free swim base at the Alviso pool, which is newly opened in about two years ago. To date, the total of 193,000 has been awarded to youth in Alviso. Through their scholarship program. So I would like to take this opportunity to congratulate Santa visit Alviso program for their commitment, continuous contribution to the Alviso community and providing opportunities for residents to participate in their program. Here today, to accept the commendations, are ripped Santos and Judy Santiago, who with her lately husband actually founded this program in 1983, and Tad Lopez. So mayor would you please do the honors presenting to Judy. [applause]

>> Mayor Reed: Judy is actually Mrs. Santa Claus.

>> It is an honor to be here. I want to thank youal. This is an ongoing program and we look forward to working longer. Thank you. [applause]

>> Mayor Reed: Councilmember Chu and Mr. Santos, don't go away Richard, you're going to stay here for the next item as we recognize the week of March 17th, 2012 as the national groundwater awareness week in the City of San José. Councilmember Chu has the details.

>> Councilmember Chu: Thank you, mayor. Today we're here to recognize the national groundwater awareness week. National groundwater awareness week has been recognized by more than a decade as a way to raise awareness of groundwater. Groundwater has proven to be especially critical to this region's water supply. Many of you know that some of our water is from Hetch-Hetchy and some of them is from delta but close to 50% of the water used in the county of Santa Clara is from the groundwater. We should all remember to conserve water. Conservation needs to become our way of life to ensure that our children and grandchildren will have a reliable water supply today and in the future. We all need to use our water wisely. I also appreciate Santa Clara Water District, their role in this celebration. The district hosted an open house last week, to educate the milk of the importance of groundwater. Was inside of very aspect of water delivery, water treatment water conservation and much, much more. Here today to accept this proclamation on behalf of the residents of the City of San José is a District 4 resident and also Santa Clara Water District board of director, Richard Santos. Mayor. [applause]

>> Hi, thank you. Mayor, city council on behalf of the Santa Clara Valley water district we accept this award and I know you are all praying for rain. Continue and also use water wisely. Thank you so much. [applause]

>> Mayor Reed: Now, Councilmember Kalra will join me, and will invite the represents of Assyrian Aid Society of America to join us at the podium as we recognize March 19th as Assyrian new year in the city of San Jose.

>> Councilmember Kalra: Thank you, mayor. I'm pinchhitting for Councilmember Pyle, who is ill today. We have a very vibrant Assyrian American community, particularly Almaden has particularly vibrant Assyrian community, I appreciate Councilmember Pyle for bringing this forward. It's an honor to have Narcy David here to accept the proclamation. The City of San José's greatest strength is its diversity of residents who have come from around the world and bring with them their celebrations of traditions and festivities that further promote the appreciation and understanding of various cultures. The City of San José has a large and vibrant population that celebrates the Assyrian new year, also known as Akitu which was celebrated this year on March 19th, 2012 by Assyrians around the world including here in the Bay Area. The Assyrian new year is a spring festival with celebrations involving parades and parties held by our Assyrian community which provides all who live in San José to experience the richness of Assyrian culture and foster an appreciation for, Mr. Narcy David, many of you may know as the food and wine expert on KCBS Radio. I certainly have enjoyed listening to him for many years now, and so he is -- definitely that's part of his service to the community. But I leisure more recently of all the incredible service he does that may not be as well recognized by the greater community. And so I'd like to introduce Mr. David as he is the one accepting the proclamation on behalf of the community. Mr. Narcy David was born to parents who fled the Middle East as refugees in the First World War and has led an mazing and inspirational life. Mr. David helped support his family and put himself through school after his father died when he was 15. He attended University of California at Berkeley with two scholarships and majored in mathematics and premed courses. He has built several successful businesses but has remained dedicated to supporting his Assyrian culture. Mr. David has been actively involved in the Assyrian church, ordained a reader, otherwise known as karuya, at the age of 13. He became a hooped ukna, a subdeacon, at 15, and finally and 18 he was ordained as shamasha, a deacon. He helped built the holy Apostolic and Catholic Church of Eastern Assyrians of San Francisco and before the Assyrian community there could afford a priest, he received a special dispensation from marshimun allowing him to preach. In 1994 Mr. David became president of the Assyrian aid society of America. Founded in 1991, the assyrian aid society of America was established in direct response to the crippling hardships suffered by Assyrians in their ancestral homeland of Bet Nah Rain in Northern Iraq as as a result of Saddam Hussein's policies in the first gulf war. Working for the past 13 years in collaboration with his sister organization, the Assyrian Aid Society Iraq, AASA has vigorously pursued its mission statement by funding irrigation and electrification projects, and supplies as well as the maintenance of free medical clinics. In April 2011 Mr. David

was elected chairman for the board of the Assyrian aid society of America, in keeping with his desire to give back to the community, Nancy decade is active in many of the other projects, host of the Alameda County meals on wheels annual dinner, honorary chair of the VNA hospice dinner in Berkeley. I'm sure we can't find anyone more appropriate to accept this march 19th, 2012, to be Assyrian new year in the City of San José and encourage all citizens to join in the celebration of a long held transition to bring the family, give thanks and celebrate. If you could give the proclamation to Mr. David. [applause]

>> I would like to thank councilmember Nancy Pyle, councilmember Ash Kalra, Mayor Reed and all the councilmembers for this proclamation. The Assyrian new year Akitu is the beginning of spring that is historically marked by the spring solstice. A 12-day festival is launched and it really, truly is an entertaining event for all Assyrians worldwide. The Assyrians were among the world's first Christians, they were represented by the Christians denominations of Assyrian Chaldean and Syriac. My father arrived in 1912 which is exactly a century ago. My mother came in 1918. The Assyrian aid society has been working diligently to help the the Assyrians throughout all the problems in the Middle East. When we add in the value of medicines and surgeries that were done here in the United States for children that we brought out, we have raised over \$8 million in the 21 years of the organization. Refugee assistants of assistance to the internally displaced, we've built schools, dormitories, pharmacies, a retired doctor here in San José, Dr. Asher Moradton merchandising to plant over 60,000 apple trees across the north of Iraq. A prominent chapter of Assyrian aid society here in San José just produced the first ever modern musical completely in Assyrian. We're grateful for the recognition of our traditional new year celebration which is now in its seventh millennium, having started 6,792 years ago. Thank you very much. [applause]

>> Mayor Reed: Now I'd like to invite Councilmember Campos and Jessica Luna to the podium, I'd like to commend Jessica for being selected as San José's general consul of Mexico for a day.

>> Councilmember Campos: Good afternoon, thank you mayor. Today I am honored to have with us consul general of Mexico, Mr. Carlos Ponce, as we recognize an outstanding program he has implemented in working with our youth. That program is called consul Por Un Dia, translated, consul for one day. This gives the

opportunity to witness firsthand what it is like to work side by side with a national diplomat. And this year's winner is nine-year-old Jessica Luna, who is right up here. She was hiding behind the podium. Jessica is a fourth grade student at Mt. pleasant elementary school. She is well-known for her excellent grades. Her willingness to help her peers, and her passion to learn in all subjects. She has won awards at her school for her academic accomplishments and for her involvement in various activities. Such activities include practicing martial arts where she learns the skills of self-defense and simply, she is also part of a folklore Coe dance team where she braced the arts and culture to teach her to be humble and to remain true to her cultural history. Her parents not only taught her the value of high education but also teach her to embrace her culture, and to never forget her Mexican roots. It is hard to believe a nine-year-old has such a busy schedule. I have no doubt that Jessica's values will help foster her development of leadership skills, and self-confidence. I look forward to following her success throughout her years that will lead her to a top university, and to a successful career. And perhaps U.S. ambassador to Mexico. I want to also thank consul Ponce for providing this program for our Latino youth. It is stunts like this that inspire and motivate our younger generation to follow our dreams and maim them a reality. Lastly I congratulate Jessica but also to personally congratulate her parents for being the foundation for Jessica's road to success and for teaching her the true value of Familia. So with that, Mayor Reed, I ask you to present this commendation to Jessica Luna. [applause] [applause]

>> Mayor Reed: First item we're going to take up is the budget mechanism. This is the second hearing on the budget message. We had the chance to discuss it take testimony last week. But we will take additional testimony if there are people here who wish to speak on it. So I'm going to start with the testimony. Before we get back into any further discussion, since we already had a hearing. So as I call your name please come on down towards the front so you're close to the microphone when it's time to speak. Kathleen King followed by Barbara Hanson and Charmaine King and Thompson.

>> Hi, my name is Kathleen King i'm sorry about the delay. I have a family that's coming and two little girls want to speak so I was up at the top. I'm here about healthy kids. We really appreciate you funding it again this year. I talked last tile about leverage and for every dollar you've put in over the last few years, we have raised three more dollars towards that. But I also want to bring up what healthy kids has done has made it easier for us to find Medi-

Cal and healthy families. So for every healthy kid that's been found there's been eight or nine Medi-Cal and healthy family children that have been found this this county that can go on those programs. Because once you have a program for everyone, everyone comes through the door. And those that brought dollars in from state and federal that we don't have to fund. So once again I'm very appreciative, I'm very appreciative of everyone that asked for this. And I think you all understand how important it is to keep children healthy, especially so they do well in school. So thank you.

>> Mayor Reed: Barbara Hanson, Charmaine Thompson, blain be.

>> Councilmember Campos: Carbahal.

>> I'm are Barbara Hanson, with pact, penal acting in community together. I'll tell you who we are. congregations. We are 50,000 strong. Mark Twain said always do right, this will gratify some and astonish the rest. I want to change this quote to always do right. This will gratify not just some but many. Keeping the fundraising in the mayor's budget at \$2.1 million for CHI is right for many. For those vulnerable children who we receive quality health care, for the City of San José, where, as Kathleen said, every dollar spent on CHI leverages three more dollars. The definition astonish is to stun, to amaze, to render senseless. Police, continue to render us senseless by doing what is right for many. Thank you.

>> Mayor Reed: Charmaine Thompson, Blanca Carbalal, Maria Marcello.

>> Good afternoon, mayor and councilmembers, my name is Charmaine Thompson, I'm currently a resident of San José and a member of ace. Crime rate in San José has gob up and since we have the funds available I feel that we circulate rehire some of the police officers that have been let go to help make San José a safer place for everybody here. Also I strongly support the idea of extending library hours. When I was in high school I spent hours a day at the library after school while my parents were still at work. I it gave me the opportunity to stay out of trouble, use Internet access there further educate myself. And I just ask that you extend the library hours to give today's youth the opportunity that I had when I was in high school to stay out of trouble, further educate

themselves. I don't know about you but I'd rather see today's students in the library than out on the streets. Thank you very much.

>> Mayor Reed: Blanca carbahal, Maria Marcelles, David Wall. [In Spanish]

>> She said good afternoon, mayor and city council members, my name is Blanca Carbahal and I'm a member of the community are you group ace and represent district 3. I'm here today because I am here because I support the memorandum written by councilmembers Kalra, Campos and Chu I want to know that all are safe. Just today on first street families woke up to broken car windows, claim online and if they saw or heard anything to call back. They weren't able to come to the scene. We also need for the libraries to have more hours, because the community is not a safe place and that is -- the libraries are a safe place where kids can stay out of trouble. And there is a lot of resources there. Thank you.

>> Mayor Reed: Maria marcello, David Wall, Sergio Franco.

>> Good afternoon, my name is Maria Marcello, I'm a membership for Washington community, I lot of people, lot of prostitution and really, really, more policemen and I need more time in the library because I -- a lot of people know children their homework is not time library open, something is special for the community I think really really the community needs you help you please. Thank you.

>> Mayor Reed: David Wall, Sergio Franco, Adam Ramos.

>> Good afternoon, ladies and gentlemen. I'm very concerned with the methodology that was used to create your budget message, Mr. Mayor, with reference to the community budget survey and the neighborhood association and youth commission priority setting session. It was just a total of 991 people, some of them probably not even registered voters. The process itself, the digital dialing techniques used by statisticians lease itself ripe for error. Discuss being people whose phone numbers they got from the voting records but may not be actual voters, citizens of this nation or even voters for the City of San José. The notion that such a number of 991 participants to

dictate a material influence to the City of San José's budget session -- setting priorities is troublesome to me on a variety of fronts. First and foremost, Mr. Mayor, \$2 million allocated for gang prevention. Be my position that the \$2 million be transferred to the San José police department in coordination with Planning, Building, and Code Enforcement, and other agencies, to literally crush gangs out of existence. And this means going after them where they live in their neighborhoods, where they work, or where they congregate. With a zero tolerance to just eradicate them from San José period. Not to accommodate and prevent, but to set a definitive message that gangs, and their associations, and their torts, have significant and long lasting consequences. Thank you.

>> Mayor Reed: Sergio Franco, Adam Ramos, Olenyia Gamez.

>> In Spanish]

>> Hi Mayor Reed and councilmembers.

>> My name is Sergio Franco and I'm a community leader with Gardner community center.

>> Spanish]

>> We are here to express the importance of senior transportation for us. [Spanish]

>> Many people many senior citizens can't drive anymore. [Spanish]

>> Many of them live far from the center and can't walk to it. [Spanish]

>> Therefore it's very important that we have senior transportation. [Spanish]

>> So we want that our centers to be strong full of people attending them and that we have transportation to get to them to make this possible. [Spanish]

>> So therefore we ask for your support in providing senior transportation services. It is an essential service. Thank you.

>> Mayor Reed: Adam Ramos, Olencia Gamez, Jimmy Nguyen.

>> Honorable mayor and city council members, I'm here to express my sentiments about the cuts in transportation for senior center at Gardner center and other senior centers in San José as well. For some of us the center is the only place of activity that we enjoy with our fellow citizens and also, the activities there, dances et cetera. I -- unfortunately the cut in transportation will deprive some of us out of these activities because we have no transportation at all. Therefore the cut in transportation will certainly you know set us aside and deprecise us of some quality lifestyles that are -- that we look forward to in our senior years. I'm 74 years old and I started working in the fields at 14 years old. And since then, I've contributed income tax as you all know. And so I see no reason -- well, I see the reason, but I see that some of the cuts are not really conducive to our lifestyle. So we ask that you restore our funding for transportation. Thank you very much.

>> Mayor Reed: Vencia Gamez, Jimmy Nguyen, Ricky Alexander. [Spanish]

>> Hi, Mayor Reed and councilmembers.

>> [Spanish] I'm a community leader with the Gardner community center as well. [Spanish] we are here to express the senior transportation for our center. [Spanish]

>> Many senior citizens don't have the ability to drive. [Spanish] so many of us also live far from the centers and we can't walk to it within distances. [Spanish]

>> Therefore it's very important to have public transportation services for us. [Spanish]

>> In the budget this year we want to ask for specific funding earmarked for senior transportation. [Spanish]

>> So we want to make sure that our center is strong, that we have lots of people present and that this vision comes to fruition because of transportation. [Spanish]

>> So because this is an essential service we ask for your support to earmark specific funding in the budget this year, thank you.

>> Mayor Reed: Jimmy Nguyen, Ricky Alexander, Duane Jones.

>> Honorable council and audience my name is Jimmy Nguyen. I'm a long time resident of district 8, I'm an typically and I'm also a candidate for city council. I urge you the city council to alleviate the outrageous crime rate to use some of the surplus funds to increase police services. This is some of the crime I'm talking about. Since January 1, within walking distance of my house there have been four burglaries are there have been two robberies and there have been four vehicle thefts. Over Thanksgiving a man was pulled out of his car and severely beaten by a bunch of thugs after he went and bought dinner for Thanksgiving. And finally last year a stolen car was parked in front of my house and after three hours the police finally showed up. What that means is, the criminals had three hours head start on the police, because the police were too busy for the other priorities to handle this and catch them. In closing, criminals are acting with unchecked audacity because they know there are not enough police officers to deter their criminal behavior. You have the power to increase police services. Please use your power to make us safer. Thank you.

>> Mayor Reed: Ricky Alexander, Duane Jones, Bob Brownstein.

>> Hi, good afternoon, mayor and honorable councilmembers, this is actually a testimony from one of our community leaders, our volunteers at sacred heart. My name is Angie Browley, she wasn't able to make it today because she was ill, so this is her testimony. My name is Angie browley 3.4 and the Kalra, Campos, Chu memo and in particular full restoration of transportation for seniors and senior focused on low income neighborhoods

such as the Alma center and Gardner. I ask that you consider both senior nutrition and senior transportation as core essential services that this city provides. Just as the mayor mentioned services seniors can't drive and trust me you don't want them to drive. In order to make sure we are fed we also require transportation. We cannot have food without transportation. Numbers at senior centers are down and some of the centers across the city and more seniors are going hungry. Please use your leadership today and restore funding to senior centers immediately, please consider your support.

>> Mayor Reed: Duane Jones, Bob Brownstein, Dehab Haik.

>> Mayor Reed, councilmembers, thanks for hearing from me today. My name is Duane Jones, I live in the villages which is lock equited in district 8, we are represented by Councilwoman rose Herrera who is I see not here today I read the numbers and I'm familiar with the painful cuts made in personnel and services. And have read the mayor's march budget report. The mayor's budget message predicts a \$10 million surplus next year and calls on the City Manager to prioritize expenditures from this money. If the city experiences an prioritizing additional expenditures. These should be agreed upon today, to move towards the San José in which we all want to live. The amendments address these points. The Mayor's Budget Message acknowledges the shortcomings in our current library situation. He acknowledges the value of senior nutrition programs. Likewise, the value of supporting business development. He also acknowledges the pain associated with cuts to our fifthing and police forces. While the libraries can do better if they're open more days. Nutrition programs can't meet their full potential if the seniors can't get to the nutrition. The community benefits an revenues benefit if businesses succeed and you don't need to expound on the benefits of additional firefighters and police numbers. Therefore I ask your support for the recommended amendments and thank you very much for Linning to me.

>> Mayor Reed: Bob Brownstein. deehab Haik Alexa Reye servings.

>> Mayor Reed and councilmembers, councilmembers Kalra, Campos and Chu that's a very good idea. But would I suggest that existing surplus funds could also be expended for important public services. I believe the resistance to doing so is the fact that the forecast indicates there will be a shortfall in fiscal 13-14. But there's

another source of revenue to deal with that shortfall. These are the actual documented fund balances that the city has reported for the past five years. The excess fund balances. Fiscal 6-7, 42 million. Fiscal 7-8, 21 million. Fiscal 8-9, 20 million, fiscal 9-10 16 million. These resources could be used the next excess fund balances to be able to deal with the fiscal 13-14 problem. Now, of course we don't know exactly what the excess fund balance will be so there is some risk. But there are risks if you don't spend money as well. I consider my own case. Two weeks ago, at the gym where I work out seven cars were broken into, in a single evening. As a resident of district 3, when I want to mail a letter with a check or credit card in it, I have to drive to the postoffice to avoid mail theft. Last summer I had to install a thousand-dollar heavy duty security screen door in my home. Those are costs that the residents of San José can avoid if the city is willing to spend more of its surplus. Thank you.

>> Mayor Reed: dehab Haik, Alexa Reyes and Anthony Reyes.

>> My name is Anthony Crosby i'm a member of the alliance for community empowerment and I would like to speak briefly on the issue regarding the library system relating to the memo submitted by Councilmember Campos. If library issue is one that I think is pervasive in that we have a spirit of innovation here in San José that's unlike any other city. And to have the library only open four days a week is really doing an injustice to the young people in this community that would like to, and need to, use the library for the betterment of themselves and for the betterment of the city as a whole. And I think that the library should be open seven days a week, like it is in San Francisco. Second issue would be, the police department in light of the recent budget cuts in the police force, I believe and we believe here at ace, that the police provide an invaluable service for people in San José and that the police department is one that is very essential that we provide police services to the community members. So that we can reduce the rhyme rate in certain targeted communities, and that the crime rate reflects the city as a whole, and all of the good things that we are doing here in San José. So I believe that the police force needs to be beefed up, and I believe that some of the money available could be used for that purpose. Thank you very much.

>> Mayor Reed: dehab followed by Alexa and Brian Reyes.

>> My name is dehab, I'm a San José member from neighbor 84 until today. Also, I'm a community member from Sherman Oaks community center, but I'm here today to know what is the leaders can do for me and my kids and also for the community. The reasons is, I'm here, I'm a small business owner. I used to be small business owner. Also I'm a carpenter in trade. I'm a community leader, in a lot of community members, other organizations, but now, I'm moving to that Washington community center, I build a community in Sherman Oaks from 1995 until 2006, my kids were safe in that area, we live in an area that has all safety programs. Now we came to community, Washington community center, my kids are so scared, we don't have no safety around there. It is need a community service done. Also. We have two kind of laws in San José, I have the proof of those. And anybody can sell your house, without of your permission or without of your deep concern. That's San José. What is a human services in San José? I wanted to know, thank you. Then I have everything that's been fixed.

>> Mayor Reed: Alexa Reyes, Brian Reyes.

>> My fame is Alexa Reyes. Please continue supporting healthy kids. I am happy to be a part of healthy kids program. Thank you.

>> My name is Brian Reyes. Please help supporting healthy kids. Thank you very much.

>> Mayor Reed: Thank you. That concludes the public testimony. Now we have some time for council discussion. I talked about the budget message last week in our first hearing so I'm not going to spend a lot of time talking about it today but I just want to acknowledge the fact that the reason we have a small surplus or really small cushion of about 1% in the General Fund is because of the sacrifices that our city employees made this year. We reduced the workforce by hundreds, we laid off people and everybody took a 10% pay cut. So you can certainly create a surplus by reducing the workforce and in fact, our total payroll went down by 24%. We just don't want to do that again. And we're trying to avoid that about with a series of other steps that we're doing. But we have a one year reprieve this year since retirement costs are basically going to stay flat in the next fiscal year. But we also know they are beginning the following year and we have a significant shortfall in the following year. So we have to be cautious about how we spend the money? Knowing we might have to as well. So while we're working

on a very small cushion there are some things that we can do and I've recommended a series of things in the budget message such as getting the libraries open that are currently locked up and cautiously doing that over the course of the year. If it turns out that our projections are right, and we have the revenues that we think we're going to have and expenses go where they are going to go, we can afford to take the risk on opening those libraries and some other things that we've online. Many things that ser services and doing a series of other things to make some restorations of a small amount of the services that we've cut over the last few years. But doing so cautiously. We have a couple of memos that have come out from councilmembers that the council will consider today. We have the memorandum from Councilmember Campos, recommending that we have staff work with the superintendents on gang prevention and safe school campus programs. I certainly think we need to do that as a part of figuring out how we allocate our funds that we would set aside for the gang prevention work. So I think that's something we should direct the staff to do. We have another memorandum from three councilmembers regarding setting some priorities in case we have some additional funding. I certainly can agree with the priorities. I think it's premature to begin to figure out first how to spend money that we don't yet know that we're going to have and for things that we haven't costed out. So that's what we do in the budget process. So we should direct the staff to take those items, cost them out, figure out how we fund this one time, ongoing those kinds of things in the budget process bring them back to us so the council can make a decision, a fully funded decision. So I think there's merit NAACP that discussion but I don't think the council is ready to say what the top ten priorities are. There are a lot more priorities the councilmembers have in mind if we do have some surplus funds. While we're counting on a small surplus, it is certainly nowhere near the level to restore move them forward. Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you, mayor Reed. Since I wasn't here last week I just wanted to take a few minutes just to put in a plug for some of the recommended items that are in your budget message. But first off I just wanted to thank the mayor's continued leadership and commitment to ensure that all residents in San José live in a vibrant and city, obviously the surplus that the mayor just mentioned is something we are very happy with but as the mayor mentioned this is not something we can completely focus on because we really don't know how it's going to be in the next few years with our city. So again I'm very grateful for all the items that are recommended for funding in the Mayor's Budget Message, but some of the items I just wanted to mention here,

the opening of the four branch libraries and the community center is definitely something that we've all been waiting for. I know that residents in my council district, district 7, can't wait to checkbooks out at the Seven Trees community center. This library's been closed for several years and should be thrilled to see that opening soon. The senior nutrition wellness programs, there's really, we can't say enough about how important it is to take care of our seniors, or one of the most beloved and vulnerable populations that we have in the city. So I'm really glad to see that funding for the senior nutrition programs and wellness programs are intact. I want to thank the mayor for his recommendations for the funding for the fair swim center. Of course children in district 7 will be very happy to make splash this summer, since we will be able to keep that open. And last, but certainly not least, the children's health initiative. We can't put a price tag on the health of a child and the funding for this program it's really something that is so crucial and so important as many speakers have testified previously. And last but not least, I wanted to thank the mayor of Saratoga, Kathleen King who is here for her continued work and dedication to the children of the city and county and thank her and her team for all their hard work and the community members for their dedication and commitment for making sure that every child in our city and county deserve quality health care. So with that I'd like to approve -- make a motion to approve the Mayor's Budget Message and also, approve the memo from councilmembers Campos, Chu, Kalra regarding the \$2 million that are going to the gang prevention, safe school campus initiative programs and their request that staff work with the superintendents to make sure that we know how to identify impactful opportunities to provide intervention and prevention programs. So that's the memo that I wanted to include as part of my motion. Thank you.

>> Mayor Reed: Would the motion include referring this to the staff to cost out and return to the council ?

>> Councilmember Nguyen: Absolutely. These are important issues, but I think this should be part of the budget message as we move forward identifying their priorities but I think that we need to refer this to staff for a further analysis and evaluations of each priority. Thank you.

>> Mayor Reed: All right, we have a motion on the floor. Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. And in relation to the memo, that we're discussing about the priorities, I agree, these are all priorities that we have discussed year in and year out, each time that we've gone through the budget process. And the elimination of those services have been some of the most difficult decisions that I know the council has made. So I really look forward to seeing the analysis on the cost impacts. Because I think we need to as we move forward to continue to build and restore our services to our residents throughout the city. I think that the step towards the libraries as was mentioned is a really good step. I know my residents are very excited given the fact we've only had one library for the whole district for quite a while and it's going to be great to get that other one open. I'd also like to make sure or highlight I guess the fact that the surplus really is a surplus of its size mainly because there were so many one-time funded items. And I want to thank the City Manager for putting out the supplemental that really gave some more detail to those one-time-funded issues. So when we come back and we look at the priorities in the context of the budget through the budget study sessions and through the MBA and BD process, I hope that there's some of those items there that we fought so hard to keep in in context of the priorities and all the other things and either find ways to fund them or substitute funding by defunding other things that are not as high a priority each year. I know we have a discussion each year about what things are a priority and what are not. I just want to say I want to remain very cautious that we don't commit ongoing funding when we can't commit to having the funding. I really worry about adding things into the budget on an ongoing basis whether we have ongoing funds facing a \$22 million deficit in the next fiscal year and as we know those early estimates change a lot. Fortunately this year they changed in the right direction but in previous years they had always seemed to have changed to a greater magnitude in the wrong direction. So I look forward to getting the analysis and working through the budget study sessions and the BD MDA process. Thanks.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor Reed. If I recall, do we have a policy on when we have some -- any type of surplus, I don't know if it's mid year budget review, et cetera, where typically that money with whatever is there half goes into reserve and half goes into road paving?

>> Mayor Reed: We do, you are talking about the ending balance, we don't know October when we know what the ending fund balance was, then we make some determinations as to allocation, but it is a time when the council can make those decisions and then there's mid year budget review, typically February when we're making adjustments to make sure the balance, the budget stays in balance for the year but that's another opportunity for the council to make some policy decisions.

>> Councilmember Oliverio: I've always enjoyed that policy because it seems to be prudent, putting money aside and who can argue, we have such a deferred maintenance backlog on our roads, whatever revenue there is, it always goes to help. So I do memo with the large menu of items that the city provides to restore services. But I think, I look forward to what comes out in the budget process but I find it just hard to grapple because there's no way that any surplus of any amount would take care of all those items. I would much be happier just to see us focus on one, would I say police. We've already gone forward on your budget message of the opportunity to open branch libraries that have not had the opportunity to be open and I think that's good but in the end if there's fully additional funding, I would let this be known that I would rather have hire another officer and that's what I would choose, thank you.

>> Mayor Reed: If you look at the services that are funded on a one time basis, I'm recommending funding there for police positions on that list that are just currently funded in one time and later on this agenda we're going to get to an approval to put in a grant commission to put in some more police officers and that comes with matching funds and ten officers within just those two categories. Would I like to ask Jennifer Maguire to come down and talk about the ending fund balance. Because I know that she presumes some ending fund balance in starting out the next year's budget. And that does help build work that we can do for the following year. So you can just talk about how you do the ending fund balance, Jennifer.

>> Jennifer Maguire: Sure, Jennifer Maguire budget director. As part of our forecast we presume an ongoing amount of fund balance will be available each year and as we monitor the current year we will change that estimate as we go through. I believe in general ongoing we have in this latest forecast for 12-13 we have about \$18 million of fund balance already presumed so I do have a healthy amount. We have under it. Part of the

improvement in the forecast was increasing that ongoing fund balance amount. As far as the fund balance policy, the ongoing policy that's part of the council policies in our budget is that half of any surplus at the end of a fiscal year goes to the next year's deficit to a future deficit reserve and half goes to the unmet deferred infrastructure needs in our city which we know are a lot. But that is after rebudgets because we have to true up all of our rebudgets to finish up projects that council has already approved, reconciling our fee programs that are embedded in the General Fund and correcting any mistakes or any items that are urgent that need to be funded for example, we corrected sales tax or property tax estimates in our annual report. So the numbers have been much smaller when you account for all those activities in what has previously been presented in a growth perspective.

>> Mayor Reed: City Manager.

>> City Manager Figone: Jennifer, just to be clear because there's a lot of information there, when you say you already assume in the forecast \$18 million I think you said that is a projection which counts on \$18 million as a revenue. And if we don't hit that number, that can throw the balancing of the budget off and so it really would have to be up and beyond what you've assumed is that how that works?

>> Jennifer Maguire: That's correct. It's based on current year projections of any expenditure savings as we look at the hundreds and hundreds of appropriations and all of our 450 revenue estimates in the current year, the surplus -- and also liquidation of carry-over encumbrances. As projecting about \$18 million of surplus fund balance coming from those elements. If we don't hit that, then that will throw off our surplus for next year projections. But if we get above that then that would be what we would discuss from a council policy perspective as part of the annual report next September.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you mayor. I just wanted to confirm with regard to the portion of the budget message regarding the children's health initiative. I understand the language specifically says to maintain funding. I just want to confirm that's the full \$2.1 million?

>> Mayor Reed: Yes.

>> Councilmember Liccardo: Great, thank you, I want to thank you for your support of that as well as the \$400,000 in senior services that are allocated through the message. I know that there was a challenge with the CDBG funding decision that we had to make a few weeks ago and I appreciate the fact that we are digging into the General Fund to help support senior services as well as the \$2 million prevention programs and the opening of the long vacant libraries and community centers. I wanted to ask if there was a willingness for our authors of that motion or that memorandum, that all of those services are very important for us, library hours, police, et cetera. But I'd ask if the study would also include adding a person in economic development. Specifically, for companies retention and attraction. I think we recognize right now, we're seeing a huge uptick right now in leasing activity and corporate allocations and it is a great time for us to get jobs and corporate window of opportunity here and if we miss this window the opportunity cost for us as a city may be millions of dollars of revenue that we would need to maintain all the very important services that our community members have been advocating for. So I would just ask if the study could include the study for an additional staff member in economic development.

>> Mayor Reed: I have no problem with that. Make that motion.

>> Councilmember Nguyen: I don't have any problem with that either.

>> Councilmember Constant: As a second I agree.

>> Councilmember Liccardo: Great.

>> Mayor Reed: So we have a modification to the motion. Councilmember --

>> Councilmember Liccardo: Thank you. If I could thank all the members of the community who came out to speak, advocating the importance of funding for seniors and children in my district and others, thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. The discussion about weighing certain staffing levels against another as far as the costing out, would it be possible to cost-out individually which community center and how much the cost is for opening that center?

>> Mayor Reed: Certainly, I don't see any reason we can't do that speaking of the professional staff, yes.

>> Councilmember Rocha: If we are talking about an investment of more in police rather than community center it would be helpful to know that number. Is that City Manager something you can do as part of the budget process we would be seeing that as an MBA or how would we do that?

>> City Manager Figone: Yes what I would do is consult with staff, determine whether it's best to present to council as part of anMWA or how we would factor, we would be determined and bring it forward in some form .

>> Councilmember Rocha: As far as the cost of making Bascom the priority that would be a separate cost or that would just be a stand-alone cost?

>> City Manager Figone: Bascom library or community center?

>> Councilmember Rocha: The whole thing as I understand.

>> City Manager Figone: You know what I we could do ask break them out but community centers usually stand out from libraries in particular because there's different service delivery models.

>> Councilmember Rocha: Could I get a list of the community centers which is now for Work2Future?

>> City Manager Figone: Sure, absolutely. Well, all right. Well, that's enough for that. Thank you, mayor. Again I won't repeat what I said last week in terms of the priorities as you laid out. I couldn't agree more with some of these, I really appreciate your investment in a lot of these neighborhood services. Thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you mayor community has sacrificed to the cuts and so it's nice to at least talk about some services being restored even if the long term health is still maybe in some question. And I also thank you for the support, I want to thank Councilmember Campos who first approached me, and Councilmember Chu, regarding the prioritization of the 2.4 million and I think it's somewhat of a no-brainer but I think it's good to actually memorialize the fact that we worked with the superintendents to ensure that the money gets allocated in an appropriate manner. Again I want to thank the parents and the children and the community members that came out to speak in favor of the children's health initiative, especially Kathleen King who has been a steadfast supporter of children's health in this community. Regarding the memorandum and I do appreciate the fact that some of those items will be costed out, part of the reasoning that we wanted to set these as priorities as we all know going through a budget process as we get closer to the culmination of the budget process, we get different councilmembers throw in a certain budget document and try to identify things from here and it becomes a scramble that the mayor in his office and certainly the city budget team, City Manager's office has to figure out how to kind of put it all together in a way that makes sense, by putting forth this memo prioritizing certain items, there are a couple of things that happen that are important. One is that we set these as known priorities going forward into the process. Again as many up here have already said you know we can all agree that these are all very important services that have been cut over the years, that are of incredible value to our residents. Obviously, restoring library hours, I think it's fact. We're going to be opening up some of the ones that have been closed, the brand-new buildings that have been sitting there. Ultimately having libraries open for four, four and a half days a week is not enough and if there are funds available I think that -- having our libraries open six days a week as

they used to be would certainly be a very valuable asset to the community. Transportation for senior nutrition program has been discussed, it is critical to get the seniors to where the neighborhood services are. discussed last week is of critical importance help create vibrant neighborhood districts and the hazardous incident team from the fire department I think right now, we put ourselves at risk by not having that in full operation. And of course, as many of the community members have mentioned the additional officers, specifically for gang violence and suppression of neighborhood crimes. And so those are the priorities we would like to set forth now as has been indicated, you know, if we don't set some of these priorities, and if we don't at least set the priorities in the manner that guess some of the resources that become encumbers some of challenging for us to get these resources to these very important elements of elements of our city budget. If the worst things that happens is that we are able to fund these and fund them for a year because of the situation it's only one year I'd much rather have these for one year than not at all. And I think it's -- my hope is that going forward we will be able to fund them onward. I appreciate the fact that we'll get some budget numbers so we can determine that. Obviously there is a menu of items here and when it comes down to we're all going to have to decide which are the highest of the priorities but I think this gives a good list of the priorities that we should establish right now as we enter the budget process as opposed to going through the budget process, coming out the other end and then having to have the discussion of okay, what are the most important priorities? That's the reason why I supported my colleagues in putting this forward. I think these are all priorities we can all agree on. These are all priorities that if funding is made available we should all support and the excess fund balance over the years even over the deepest part of the projects was \$6 million anticipate there will be some excess fund balance that will help offset the deficit in 13-14. So with that I'd like to offer a substitute motion to support all of these five important priorities, and essentially, make a substitute motion to accept this memorandums the -- as priorities going forward, into the budget process. And then therefore, have them evaluated as was already contemplated in the underlying motion.

>> Mayor Reed: We have a second. Councilmember Campos has the second. Councilmember Campos.

>> Councilmember Campos: Thank you mayor. First of all I would like to just make a correction on the memo on the 2.4 million, that should really read \$2 million, so thank you, Vice Mayor Nguyen when you included that in your motion. But I also want to thank you for your budget mental. We certainly cover many of the priorities that we've

heard from, from our neighborhood leaders and from many folks that came in and spoke about what's the most important thing in their neighborhoods. I wanted to focus on the memo, that Councilmember Kalra and Chu, with the list of priorities. I think when you look at history and the history of fund balances that we've had, I think we can and should expect a fund balance. And along with getting a report back on what the costs are going to be, it doesn't hurt to make it known now, as a council, what priorities should be. I think when you look at this list, you know, these are items that many of us if not all of us have expressed that these are essential city services. I do want to kind of hone in on the senior nutrition program. What I don't want to do is when we're going through analysis of services that we're getting reports back that you know perhaps senior nutrition services aren't as important as we thought they are because seniors aren't coming to the program anymore. Because if you don't have the ability of a senior to get you know to and from a service, remember we now have we now have hubs, they're not even hub centers, senior nutrition program in neighborhood centers, in satellite centers that were part of a hub and spoke, so it was easier for seniors to walk, to get there their door to the neighborhood center. But now, with each council district having a main center it's that much harder for a senior to get to the program. So I think, you know that's just one of many reasons why we should really look at prioritizing what's most important. And I don't want our decision to get lost in data that's only, you know, that's only so small. Where you're tunnel-visioned into this is what we're getting. So that's why I pointed out to senior centers that we're only getting X amount of seniors that are showing up so maybe a senior nutrition program is not so important. There's a whole lot of other data that doesn't get reported as to why a program isn't getting attended. So with that, I hope my colleagues would support the substitute motion. Thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. I want to speak against the substitute motion because I think it's important that as we go forward we work through the budget process and really look at the cost and the implications especially the cost over time. If we have a one-year surplus, and we were to hire ten police officers, by the time we hired them, backgrounded them, hired them, got them to the academy, got them through the field training program and just about the time they were ready to go solo beat officer we were laying them off because their cost would extend past that one-year period, and I think as we move through the budget process it is

important to really look at those long term impacts. And without that, we could make some decisions that might not be in the best interests of not only the residents, but on the people that we hire to come do the jobs that we think we're going to have, and then we see that we're not going to have them. And I'd rather have discussions like perhaps the hiring of the police officers, as you know that was the only reason I voted against the budget last year, was because of the layoff for the police officers. But maybe we'd find it's much more prudent for us to hire 10 civilians in the police department and to take 10 police officers who aren't doing police work and putting them back out on the street where we need them and we could do that at a much lesser cost but we don't know that until we look at everything. And I think we need to look at it through the budget process and look at some of the audit findings that we've had over the years where we haven't had a chance to implement them and really weigh them together. It's not that I'm saying none of these are priorities, I'm just saying they're out of the context of the budget process and we really should be looking at things in a much more holistic manner.

>> Mayor Reed: I'm not going to support the substitute motion. This is what we do in the budget process. We'll get to this, it's just a matter of time and we don't need to jump these to the front of the line. And there are other priorities that our neighborhoods have that our people have and that we all have and let's get the cost and we'll do it in the budget process. So I'm going to support the original motion. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. I can't support the substitute motion at this time. I thought the mayor's proposal to study all the items issued in the supplemental memo from my colleagues was very fair. And I'll look forward to doing it in that case, thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I think it's probably helpful to take a step back and look at the context of the memo. Essentially it's having us make commitments to money we don't have anyway. I'm not sure really if this is going to make a business difference in the end but I do think there's something to look at in the end, restore staffing for fire departments hazardous incidents team. You know 85% of our calls are medical related calls it may be that paramedics are really the greatest needs need in the fire department right now. But I don't know that

because we don't have the fire chief talking about the costs or benefits of any particular allocation, we just have one bullet point and who's going to disagree with the notion that we need more firefighters or that we want a hazardous incident team? It's just not obvious to me that the best marginal use of our marginal dollars is on this as opposed to some else. We don't know how much additional revenue if any there's going to be. If we have a million dollars more than we think we had today, approving this memo doesn't actually tell us anything about how we're going to allocate this money because a million dollars suspect going to be enough to fulfill even the first bullet let alone all of them. We're still going to be back here again deciding as we always do every May and June how to allocate scarce resources. So I very much appreciate the general direction. I agree with most or all of these priorities. It just it doesn't save us any work to approve this when we're going to be right back here trying to figure out how we fund all of these things with less than the amount of money than we like to have.

>> Mayor Reed: North Carolina.

>> Councilmember Kalra: Thank you, mayor. I just want to point out that this is not.

>> Councilmember Pyle: Consistent with going to the budget process. It is setting priorities as we go through the budget process. Similarly, several weeks back, when we were making decisions 400,000 we didn't have that money identified at the time. But as soon as we did the mayor quickly put it as part of his budget message because it was something that the council already indicated as a priority. Not only this, I do appreciate the fact that the mayor is asking it to be costed out, because if we do come back, at least these are priorities that we've made a commitment to. It doesn't matter if the fire chief comes away back and says for one reason or another, this is one priority we don't feel we need at this time, we can change that. That goes the same with all these priorities. When it comes to the library hours we're going to be able to cost them out library by library, as well as cumulatively, bound by it but what it does is sets the priority. And obviously we can't do it unless we have resources come in whether it's 1 million or 10 million that are in excess we'll Phil figure it out as we go forward. What this does is at least showing we have a commitment to these items and it doesn't in any other way encumber us at this time, other than costed out that we can strategize how to fund these necessary priorities. Thank you.

>> Mayor Reed: I think that's it on the debate on the substitute motion. So we have a substitute motion made by Councilmember Kalra I think seconded by Councilmember Campos. On the substitute motion all in favor? Opposed? I count opposed, one two three, four five, Councilmember Rocha, which way did you vote? I'm sorry, five opposed. So that's four in favor, and five opposed, so the motion fails on a four-five vote so substitute motion fails. There's only nine of us here that's why we only got to nine. So on the motion in chief, the original motion, further discussion on that? On that motion, all in favor? Opposed? Councilmember Kalra did you want to speak before?

>> Councilmember Kalra: I was going to say that I appreciated you at least costing out these items, prioritizing, therefore I would support that motion.

>> Mayor Reed: Okay. So on the motion, all in favor? Opposed? None opposed, motion passes on a 9-0 vote. So that concludes the work on the budget message. Have a request from the City Manager, not the City Manager, City Clerk to take item 3.5, the impartial analysis for pension reform ballot measure, something we added to the agenda because the City Clerk says we have to have that in by 5:00 today if we are going to have an impartial analysis.

>> Councilmember Constant: Motion to approve.

>> Mayor Reed: Motion is to approve the matter. Discussion on that? I think a couple of people want to speak. David Wall and Ross Signorino.

>> If everybody will take a moment, a brief moment to look at the agenda for today, item 3.5, impartial analysis for pension reform ballot measure. Recommendation number A, council, by motion, waive the ten-day noticing requirement for the following item, comma, you can read the rest. The council and, later, or later today, we will discuss the flipitant use of waiving sunshine requirements for expediency and convenience purposes. And we are reminded of an old quote from a prominent jurist, that says, whenever you substitute -- I have forgotten it due to

the emotion of the event. But what remains important is that you have substituted for convenience and expediency, for this purpose, and in doing so, you have given rise to injustice. And the incorporation of all acts therein. Thank you.

>> Mayor Reed: Ross Signorino.

>> Mr. Mayor, members of the council. This subject has been brought up several times before. And we have spoken on it many times before, in regards to what to put on the ballot. In regards to the pension funds reform. What I ask is this, and I mentioned this before: The atmosphere in this city and the air is so poisoned already in this regard, in regards to pensions, against our people that work for us. The thing I ask is this. When you put it on the ballot, make it truthful. Use the right numbers, figures that you're working with. And remember this, too: It is important that people gain that gain confidence in what you're trying to do here on this ballot measure. I've said it before and I'll say it again. The atmosphere, and the air some is so poisoned, don't do any more to increase this atmosphere. We don't need it in this city. It's good that you put it on the ballot. It's good that you bring it to the people, give them a chance to vote on it. But keep one thing in mind too, which is critical to this. You all have to go mea Culpa, Mea Culpa, Mea maxima Culpa, because it was you who costed it out. now the question is will future councilmembers as yourselves maybe will you do it all over again? Be prudent when times are good.

>> Mayor Reed: That concludes the public testimony. We have a motion to approve the recommendations on item 3.5. Councilmember Kalra.

>> Councilmember Kalra: Thank you. Rick, the -- so the purpose for this is essentially to move it from the City Attorney to the City Clerk's office because of the impacts on the city, on the office of the City Attorney, if the measure passes?

>> City Attorney Doyle: That's correct. There's a specific elections code section, section 9280 that states that if the measure affects the salaries of the office of the City Attorney that the council can direct the City Clerk. It's a

question who signs it. I think the intent of this is under the political reform act government code sections it's not a conflict but under the state bar rules as lawyers it is. So that's why I'm limited in signing it. So the council has the option to give it to the clerk.

>> Councilmember Kalra: So is the clerk going to prepare it and sign it?

>> City Attorney Doyle: It is -- it is always been envisioned that it would be done by outside counsel in conjunction with the clerk because of the expertise needed. And it's just -- one other way of making sure it's done from the first party and not necessarily --

>> Councilmember Kalra: And who's the outside counsel with the City Clerk,.

>> City Attorney Doyle: The outside counsel is Meyers nave, Ross.

>> Councilmember Kalra: Meyers nave may be one assisting us if and when there's litigation against us.

>> City Attorney Doyle: If that happens, then that may be, yes. They have assisted us in voting, it is not uncommon where the city attorney's office would be stepping in and doing the same thing.

>> Councilmember Kalra: No, I understand that. But the fact is the way this is written, if it spurs further litigation either before or after a ballot measure, and those that are writing it, stand to benefit from litigation, at least monetarily, then I see that as a conflict and I'll vote against this.

>> Mayor Reed: Okay on the motion to approve the recommendation to allow the clerk to sign the impartial analysis, all in favor? Opposed? Two opposed, that issen-2 so I believe the motion fails, I think we need eight votes on that, right City Attorney?

>> City Attorney Doyle: You need eight votes to make a determination that you need to take action today, you need six votes to pass it, to approve the action.

>> Mayor Reed: But if we don't take action today it will be too late to submit an impartial analysis is that correct?

>> City Attorney Doyle: Yes have to be done by 5:00 today.

>> Mayor Reed: If we don't take action today there will be no impartial analysis by anyone?

>> Councilmember Constant: Can we bifurcate that and take a vote under the actual issue?

>> City Attorney Doyle: The eight vote is under the impartial the eight votes essentially waives the sunshine requirement. The six votes is necessary to authorizes the clerk to sign it.

>> Councilmember Constant: So Mr. Mayor, I'd be willing to make a motion then since that motion failed, and the motion would be: First motion would be to, the first portion, let me get it in front of me here. Which would be a motion to waive the ten-day noticing requirement for this item. And approve its placement on the agenda and to consider the following action. So that's the motion. If there's a second somewhere.

>> Mayor Reed: There's a second, Councilmember Liccardo.

>> Councilmember Liccardo: No I --

>> Mayor Reed: Okay, ton motion, the timing issue will come back to another motion on the substance I guess. So on the timing issue, all in favor? Opposed? None opposed, on the necessity to hear this since we only have two hours to get it done. I think that's a pretty good necessity.

>> Councilmember Constant: Thank you mayor then I'll make my second motion we is making a motion to reform measure directing the City Clerk to prepare city Attorney as provided under elections code section 9280.

>> Mayor Reed: Okay, we have a motion, substantive motion to authorize the clerk to sign it as outlined and discussed, Councilmember Liccardo.

>> Councilmember Liccardo: I just ask for a friendly amendment if the maker of the motion might include direction to the City Attorney to provide a conflict of interest analysis for council, so that we can be making clear decision about any legal issues that may arise in terms of selection of counsel going forward.

>> Councilmember Constant: That's accepted.

>> Mayor Reed: Okay with the seconder for friendly amendment? Commit referral to staff. Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. Thank you, Councilmember Liccardo for including that. That's the reason why I voted no. I mean if there is a potential for conflict of interest there, then we certainly should know it. And make appropriate -- make our decisions appropriately. Thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: It doesn't resolve my issue if the elections code is asking the City Clerk to not be involved in the crafting of the pension reform ballot. But we're asking them to determine if there's a conflict, either way doesn't remove the City Attorney being involved in that. So you know, it doesn't resolve the issues of Meyers nave being the one to write this.

>> Mayor Reed: Okay, on the motion, all in favor, opposed, count one opposed, motion passes on an 8-1 vote. Okay, City Clerk, you have two hours, start drafting. Actually, an hour and about 50 minutes. Time's

burning. We'll excuse you. Your staff can carry on here. Now, back to where I think we are in the agenda, let me just explain where I think we are in case people have gotten confused. We have the consent calendar and then we're going to take item 8.1, the COPS hiring program grant application, I think the chief already had to leave. But we're going to take that up anyway. So consent calendar, and then item 8.1 and then 3.1, and through the rest of the agenda. I believe, unless the clerk's going to straighten me out, I believe I'm okay. Okay. So consent calendar. Is there -- there are some requests to speak on the consent calendar. We'll take that testimony now. Anil Pavar. Actually, wait just a minute, anil. I know we're going to have a council discussion of item 2.7, so those who wanted to speak on that will just wait on the other items on the agenda. Mr. Wall you had one you wanted to speak on.

>> Councilmember Constant: And while he's coming up mayor, I'd like to pull 2.6 and 2.7.

>> Mayor Reed: All right, Mr. Wall.

>> Sir, I would like to report on a couple of the council committee reports. I want to give commendation to Councilmember Rocha, Councilmember Pyle, in absentia, Councilmember Campos, Councilmember Chu, and Councilmember Kalra, for their reasonable request authored by Councilmember Rocha for just an investigation into language and other actions associated with the \$650 million number used at Rules Committee, acted like thugs and treated the aforementioned councilmembers with give accolade to the aforementioned councilmembers and to the for a reasonable orchestrated request for information. The airport competitiveness committee has routinely failed to address an issue that will be coming up later today. But it's in reference to the use of corporate aircraft, with the curfew.

>> Mayor Reed: Mr. Wall why don't you come back to talk about that when we take up the item.

>> This was a committee report, sir.

>> Mayor Reed: As long as it's about the consent calendar.

>> It was on the consent calendar. There is nothing on the consent calendar except for city council travel --

>> Mayor Reed: Talk about this later.

>> Sir this is taking it up in a few minutes.

>> You've wasted my time, sir, thank you.

>> Mayor Reed: Anything else on the consent calendar the council would like to pull? 2.6 and 2.7? Is there a motion on the balance? We have a motion to approve the balance of the consent calendar. All in favor? Opposed? None opposed, that's approved. Item 2.6, Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. Just a brief report from the police-or the Federated city employees retirement system meeting of March 15th. They did get their quarterly report for their investments for the quarter ending 12-31-11. The fourth quarter of last year. The returns for that quarter were 3.9% which underperformed the policy benchmark by .5% for that quarter, bringing at that point their fiscal year to date returns to negative 5.8% net. And their trailing one-year return of negative 1.6%. They had a lengthy discussion about the ballot measure. Primary reprogramming their systems, how to deal with pipeline applications, things of that nature. They also established an ad hoc committee on staffing and salaries much like the Police and Fire board did. They have some of the same concerns that I've reported on a number of times, and want to research further the lack of independence that they have which they feel is in contrast to other retirement systems. That's the end of my report.

>> Mayor Reed: All right, no action on that just a report. Item 2.7, Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. I wanted to speak about this issue because as I had an opportunity to look more into this issue, and I wanted to thank anil for sending me an e-mail raising some

concerns about SB 1220, and as I looked into it more, it appears on the first reading of it that it's a \$75 per transaction fee. But in reality, it's a \$75 per document fee. On every real estate transaction. And it's on every real estate instrument. And that includes but it's not limited to the following documents. Deeds, grant deeds, trustees deeds, deeds or trust, reconveyance, quitclaim deeds, assignment deeds of trust request for notice of default, abstracts of judgment, intorted nation of notice of default release or discharge, easements, notice of trustee sale, notice of completion, UCC financing statements, mechanics liens, maps, easements covenants and restrictions. So when you look at those and those of you who have purchased a home or dealt with something as simple as filing a homestead and then having to abandon it so you can establish a trust and redo a homestead and all those things, you can see that the average property owner may have to pay this \$75 fee a minimum of three to four times just in a real estate transaction and perhaps up to eight or nine times during the period that they own their home. UCC financing statements for anybody who owns a business, and is getting commercial financing, will often have to have a UCC filing placed on their deed. That can happen several times in the course of business. So my concern is that this really is an issue that could have much greater fiscal impact to the average homeowner or business owner, in our city and obviously, throughout the state. But I'm mostly concerned about the people in our city. And I think we need to take some time on this and look into it more. I know that the staff shows that there's no opposition. My understanding is that our local Santa Clara County association of realty torsion and the California association of Realtors both oppose this. And in checking with the state senate today, I talked to some folks up there. There are other issues that are being looked at. This bill is in an early cycle. It's only been out for a little over a month, and is going to be heading to committee soon. I just think we need to do a bit more research before we take a position on this. So I'd like to make a motion to -- personally I would like to oppose it. I'm not sure what my colleagues think. I'll make a motion to oppose it at this point and then hopefully it passes but if not I'd like to see us just wait for a while.

>> Mayor Reed: All right, we have a second on that so we have a motion to oppose. I do have some requests from the public to speak but I've got councilmembers who have requested to speak so we'll do that. Councilmember Campos and then --

>> Councilmember Campos: Thank you, mayor. Leslye, can you just kind of go through this? I know my staff has been speaking with you or your office. Just to clarify some points on this. But how much of this will -- will we see back here, in our city, to support in opportunity trust fund?

>> Leslye Corsiglia: Sure, councilmember, Leslye Corsiglia director of housing. And first I would like to clarify that Councilmember Constant is correct. It's not just \$75. It is \$75 per document. What we understand is that the typical real estate transaction is three documents, so it would be about \$225. This would be collected statewide, and the way that it would be distributed is not yet determined. Again, it is an early version of the bill. That's something that we will be working on. We'll be very involved in making sure that San José receives its fair share of any revenues. And if I could step back just a little bit, this is a permanent source bill that we have been, as a state, working on for the last several years. In the past, the way that the state has funded its affordable housing programs has been through bond measures. So we've had a series of bond measures, proposition 77, 84, proposition 46, most recently proposition 1C. And those are one-time sources. They require that the state take on debt to be able to pay for those programs. And instead there's been a real push to look for an ongoing source. No source is easy. Each one has an opponent. And in this particular case, I did want to mention that the authors, Senator Steinberg, senator 10 Solner and, i'm meeting with the Realtors as well this week, trying to talk to them about ways that this might work for them because in addition it may also provide funding that may help new home buyers. So there are reasons why this can be a positive. So in answer getting back to your question, there is not a specific amount that San José would get but clearly we would be eligible to receive our fair share of these funds.

>> Councilmember Campos: So I would just want to be on record that we continue to advocate that we get -- obviously we get our fair share. But I'm sure, you know, the larger the city, the more real estate transactions that happen, and that I would want to make sure that you know, that we're not getting anything less because you know if transactions are happening here then we should be the beneficiaries of that revenue that goes into the program to support affordable housing. I think that with funding streams going away, or trickling very, very low we need to figure out a way to create affordable housing. I know that it -- you know I mean some jurisdictions, as a matter of fact a lot of jurisdictions, and you can make an argument as to that is the root cause of what happened to redevelopment, that we have to make sure to continue what we've done and that is to create the opportunity for

folks to live in a respectable place, a place that is going to be good to raise their family. And it's going to be a healthy environment. And if we don't have affordable housing programs in our city, or the availability of affordable housing, then we're just recreating that cycle of poverty. And you know we've shown here in our city that we know how to start creating solutions for that cycle. And I'd hate to see that go away. And so I'm not going to support the motion. I would like to see us move forward with this.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. I also would like to see us move forward with there. There is some urgency. I think it would be good for the City of San José to make a statement on this before it goes to the committee in April. Our city has been a model statewide in -- when we have had a vibrant RDA on how to use the funds appropriately through our housing department to create affordable and moderate income housing. That's been through the leadership of the City Manager's office, Leslye Corsiglia, and current and prior councils. I don't think this is the time to backtrack now. The reality is without RDA we are certainly trying to identify avenues to have a consistent flow of revenue for us to continue to build housing, affordable housing, as we know affordable housing in this valley has a much different definition than people would think, you could be earning 80, \$90,000 a year and still qualify for affordable housing. What this does, SB 1220 permanent house and moderate income Californians. And it aligns with the council approved 2012 legislative guiding principles and priorities to support the creation of a new permanent source of funding for affordable housing at the state level. As Leslye indicated no matter what solution is determined it's going to somehow be painful in some form or fashion and we all end up, just like we thought the RDA funds went to affordable housing, it was a community effort to assure those funds were dedicated to affordable housing. And so these programs are essential for creating the units to house the city's workforce as well as to end chronic homelessness critical permanent fund of California dormant and empty housing trust fund created in 1985. Of course that fund wasn't needed when we had desperately to get entrance that fund. If approved California would join 38 states five that have dedicated ongoing referential generated by document recording fees. This is not out of the ordinary, we haven't needed it before because we had a healthy RDA and I think we'll be making a grave error if we don't go forward in supporting this bill. The bill is co-sponsored by housing California and the housing consortium northern California and habitat for humanity. This has been

vetted by our lobbyist in Sacramento. As well as by the -- in coordination with the City Manager and our city attorney's office. And so I would urge that we go forward with this and with that I'd like to put forward a substitute motion that we -- with the recommended position of support, of SB 1220 so that we can act in a timely fashion before it goes to committee in April.

>> Mayor Reed: All right, we have a motion with a second, substitute motion to support as recommended by the staff. And Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. Leslye, I had a couple of questions. One following up on Councilmember Campos' question. Is there any return to source required in the legislation that we could be assured money was coming back from the county or the city?

>> Leslye Corsiglia: I can't answer that question now. We can come back and talk about that. It could be because of the source that is being used there would be but I don't have an answer.

>> Councilmember Liccardo: Do you have -- I was just doing a back of the envelope calculations about how much revenue we could generate out of this. And I'm guessing that roughly there looks like about 350,000 to 400,000 home sales in California every year. Doing the math, I understand you get maybe I don't know, 80, \$90 million statewide. Is there enough revenue to be doing something substantial in the state?

>> Leslye Corsiglia: Actually, the estimate is 600 M.D. million to \$1 billion a year.

>> Councilmember Liccardo: Really?

>> Leslye Corsiglia: Yes.

>> Councilmember Liccardo: It's much more than sales, we would be seeing the fee on many other transactions.

>> Leslye Corsiglia: That's the estimate that has been proposed 50 authors, yes.

>> Councilmember Liccardo: Okay.

>> Leslye Corsiglia: Based on current levels it would be low because we don't have a lot of sales but based on peak, it would be higher.

>> Councilmember Liccardo: Thank you.

>> City Attorney Doyle: Councilmember it is a fee or tax on every report recorded real estate instrumentality, anything in a deed of trust to mechanic's lien anything that's registered.

>> Mayor Reed: Foreclosure notices, liens, that's I have to have a lot more than sales. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor Reed. As mentioned at the presentation at the Rules Committee this pending bill does not say how you would get the money, it doesn't say what process would get it and how much would be for San José, the return for source so I won't support the substitute motion but should that fail I would like to ask a friendly amendment on the original motion that we just simply bring back the bill when it's defined better so we actually know the impact for San José because at this point in time it's more 10,000 foot level but we really don't understand what the benefits for San José would be.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: I just wanted to reiterate the impact for the average resident. I mean, people are always often doing trusts, where they have to change the deed on their home, their filing, the declaration of homestead, sometimes they have to abandon that. The small business person who their only recourse against someone who doesn't pay their bill is to file a mechanic's lien gets hit with another \$75 and that's why the

numbers come out so much more than the actual real estate transactions. I personally think the real estate transaction part is the smallest part of the pie. Because many people go through and I won't read the list again but there's a lot. And that's where I'm really concerned. I think it's going to hit a lot of people. And when you talk about the real estate market, we have an unstable market that hasn't recovered yet and you just put one more cost, one more thing to slow down the recovery of the market. So that's why I don't support it.

>> Mayor Reed: Let's take some public testimony at this time. Please come on down when I call your name so you're close to the microphone. Jennie Nicholas, Annil Babar,.

>> Leslye Corsiglia: Mayor, I don't know if it's appropriate, Jennie Nicholas did give me her comments, I don't know if it's props --

>> Mayor Reed: Yes. Gloops thanks you in advance for lend being your support to this important bill as it will ensure the continued development of affordable housing and preservation of services. And that was it.

>> Mayor Reed: I like that short testimony. Anil.

>> Short as well. As was mentioned, both the Santa Clara County association and the state association are opposing this bill. This bill effectively serves as a tax on home ownership and buyers as supporters of affordable housing and we would be supportive of finding a source of housing that could be shared by all versus targeting a specific group, the homeowners. As Leslye said, we are scheduled to meet with her and looking forward to having a discussion on this issue but as of today we urge you to remain neutral on this bill.

>> Mayor Reed: (saying names).

>> I'm Jennifer loving I want to thank Councilmember Campos and Kalra in particular for their support of there. We can't end homelessness without a permanent source of funding and we know that and this is the

opportunity that can replace the 20% funds that have been lost and I urge you to continue to support this, thank you very much.

>> Mayor Reed: Alice Chicoin, David Wall. Go ahead Mr. Wall.

>> Sir, this is nothing more than a Sacramento two-step. In that they're buying votes with other people's money. And I see that down to the local level. With light hearted chastisement for those who have voted for this or will vote for this. This is basically an undefined instrument that invites rampant corruption. It's undefined as Councilmember Oliverio has rightfully said, it was brought to Rules, it was nothing said about local renumeration of funds yet our housing director who was there does not recall that conversation. I cannot underestimate the hidden administrative costs and political costs that will arise from this. But even more importantly the bill takes away the fundamental decency of the individual. It sub-- it takes away the hard-work ethic and consequences for your actions. Peel decide to have families and cannot afford to live in Beverly hills? Are they entitled to live in bevel hills? That's case in point what this bill is all about. Affordable housing somewhere. Somewhere where people cannot afford to live. And yet, they feel they are entitled to live. No. This bill is so undefined, so rife with corruption, and any discussion linking it to a substitute for a Redevelopment Agency should enadvocate eternal dam nation because that's why redevelopment agencies were killed. Thank you.

>> Mayor Reed: Anyone else? I have a couple of cards of people that didn't move to the microphone so I assume they are not here. That concludes public testimony on this, Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. Leslye, just a couple hoping and expecting there's going to be a redevelopment 2.0 of some sort and there seems to be the most political momentum but behind a vehicle for affordable housing. Could you give us just a sense about as we consider the horserace about how we're going to find this permanent source of funding, whether any of those bills are in the hopper have a good or better chance than this one?

>> Leslye Corsiglia: Sure. I mean I think it is expected that this is going to be a difficult discussion to have, and that it's going to take some time to be able to get even this bill through the legislature. The reason why it's important to take support now, first the bill does need to move through its policy committee quickly or it will not continue on. So it is scheduled for hearing in April. It does need to move in April in order to be something that we can continue to work on. I think it's important for San José to take a position because if we don't then we have less opportunity going forward to influence the legislation as it's build, and as the structure is formed that says how the moneys are used and how it's distributed. It's important that we start this now. This is a main bill that's moving forward at this time. There are a series of different redevelopment type bills that we'll be bringing them forward for you. As of now there is no source of spot bills, but nothing that really has formed. And my fear right now is that there isn't a good coalition around redevelopment and economic development to be able to push that in the capitol. And so that's something that we really do need to jump into that discussion and try to figure out how we have -- how we can focus on more than just affordable housing. This bill is good for affordable housing but we do still need to work on the rest of redevelopment.

>> Councilmember Liccardo: Leslye, would staff be supportive of a support position that was made conditional in some return to source requirement? The idea being that rather than sort of feeding a larger bureaucracy in Sacramento that we would actually be assured the dollars could come back here and we could use them in a way we all could recognize would be most efficient?

>> Leslye Corsiglia: I think what would be more workable would be a support position with direction to staff to work with the authors on that language. I think if you do a support if amended, then we -- we don't show up as a supporter on the legislation. And I don't know that that will be as helpful to us. But clearly, this is early in this bill. We will have a lot of opportunity to come back and we could always come back at a later date if it didn't do what we wanted and change our position.

>> Councilmember Liccardo: I'd ask then the maker for a substitute motion as open to a position as set forth --

>> Councilmember Kalra: Absolutely.

>> Mayor Reed: Is that okay for the modification?

>> Councilmember Liccardo: I'm torn because I don't know if this is the best way but there is no best way on the table in terms of getting this fund funding. I appreciate the arguments in opposition but I'm going to support this until we can find a better way to do it.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you Leslye, I was happy to support the additions. So you have some source of guidance. You've heard us up here as to what is going to be the next step is important. I want to be at the ground level and show San José has the continued commitment that the reality is that you know we think about the impacts on the residents you know the banking collapse and the housing crisis has impacted almost all of us. And the reality is that homelessness and empty homes in the neighborhoods doesn't help anyone's property values. It doesn't help the bottom line for our residents and so getting low and moderate income families into permanent housing, having our homes filled with families helps all of our residents. And so yes, it's going to be a collective effort and those funds may have to come from all of us that are involved with these transactions including homeowners but ultimately it helps us as homeowners in improving our neighborhoods and helps us as a city continue our commitment to affordable housing. Thank you.

>> Mayor Reed: I think that concludes the debate. We have a motion on the floor, the substitute motion is on the floor. On the substitute motion, all in favor? Opposed? I count one two three opposed, that would be Oliverio, constant and Reed. So that fails on a five-3 vote. We need six. So Vice Mayor had to leave. So there's only eight of us. On the substitute motion, which is to oppose, not substitute, main motion. The underlying motion was to oppose any further discussion on that? On that motion you've? One two three in favor five opposed so that fails. So we take no action I guess is where we are. No position at this time.

>> Councilmember Liccardo: Mayor, could I offer one additional try at this?

>> Mayor Reed: Sure.

>> Councilmember Liccardo: Support if amended. That would be my motion. Is there a second?

>> Mayor Reed: There's a motion to support if amended. Councilmember Kalra.

>> Councilmember Kalra: Mayor, I would -- I would rather have us -- I mean could we come back on this when we have a fuller council rather than supporting if amended which is going to handcuff Leslye to some extent in her ability? Just defer it for a week so we can at least have, you know, since we're kinds of going around in circles and I appreciate Councilmember Liccardo's motion to amend but from what Leslye indicate, that puts us in a weaker position in terms of helping craft legislation.

>> Mayor Reed: We can certainly do that, if we can get a motion to defer it for a week. Hopefully, our councilmembers will be healthy in a week, and it's easier to get to six, when you have 11. It's to continue --

>> Councilmember Kalra: If there's updated information from staff obviously we'd be happy birthday happy to hear it.

>> Mayor Reed: I think Councilmember Liccardo has a motion to support if amended so do you want to --

>> Councilmember Liccardo: No I'm happy to support a -- I don't think there's a second to my motion so that's fine. I'm happy to support a motion for deferral, I don't know if for rules of order we can.

>> City Attorney Doyle: You've already voted to take no position. We've taken no position so both have failed but you can ask that staff come back and agendize it again and for a separate consideration. Because it's a pending bill and it's constantly being considered.

>> Councilmember Kalra: So that would be I guess the request, the motion is to come back, to have staff bring it back when we have a more full council but any updates from Sacramento.

>> Mayor Reed: Okay, the motion is to direct staff to bring it back at some time when the staff thinks we can get to six.

>> Councilmember Kalra: Well as soon as -- I'd like to say bring it back next week. I don't think there's any more staff work to be done. It's a matter of having more councilmembers.

>> Mayor Reed: If there's support --

>> Councilmember Kalra: Staff continue to update us on that but at this point since it's going to committee in April I don't think there's much more to update us on. I would ask for us to bring it back for further council consideration since it's a pending bill for next week.

>> Mayor Reed: And we have a couple of updates Leslye do you have more to update on?

>> Leslye Corsiglia: I can report back on the meeting with Realtors. That's this week.

>> Mayor Reed: I think it's important to get the support of the Realtors if you are going to move this through the legislature I don't think it's going to get through without the real estate members support. I think those meetings will be helpful.

>> Councilmember Kalra: How about some action then because there's? Report back on the discussion with the Realtors and hopefully we'll have a fuller council then, bring it back for reconsideration in two weeks would be my motion.

>> Mayor Reed: Anybody else want to try a different formulation of that motion? Direct staff to bring it back in two weeks. On that motion Councilmember Oliverio did you want to speak?

>> Councilmember Oliverio: Yes, I just feel we should bring it back when there's actually something substantially changed and further updates from change of legislation and we might just have an update on what the conversation went with the Realtors but I'll still have the same questions. How do we get the money when it comes to San José does the money generated here come to San José? We just don't know that. I he'd prefer a legislation come fuller defined before we have to stake on it. City Attorney, do we need six votes not just of the body that's left?

>> City Attorney Doyle: The rest of the items yes, you need six votes.

>> Councilmember Oliverio: That many be fine, okay, thank you.

>> Mayor Reed: Councilmember Liccardo did you have anything more to adds? In the motion to bring it back in a couple of weeks, all in favor, opposed, I count one, two opposed so that motion passes on whatever if count is, 6-2 I believe that motion passes. okay. Item 3.1, report of the City Manager.

>> City Manager Figone: Mayor, I think you were going to go to 8.1 next.

>> Mayor Reed: 8.1, the COPS grant. I know the chief had to leave.

>> City Manager Figone: We do not have a presentation.

>> Councilmember Oliverio: Motion to approve.

>> Mayor Reed: Motion to approve the cops grant application. Further requests to speak, there are. Let me just say that there are some costs associated with the cops grant and -- but if you don't make the application then you

never get a chance to decide whether or not you can spend the money for the cost so really that is ultimately a decision that would come back to us at some later date when we know what all the strings are and what can be done. But counting the six to make sure we still have six. It's hard to get to six if you don't have six. We have a couple of people that want to speak on this, David Wall and Ross Signorino.

>> I'm very much concerned why of course you've created situations to lay off trained seasoned police officers in the first place. Now we've seen this in our budget hearing, we've seen the honorable chief ask for \$150,000. For consultants to reopen the academy. To wit these seven officers will allegedly go through. There's talk that these police officers that were laid off were done so primarily to attack their retirements, in other words, lay them off, let them go to other agencies and then, not be in a position to hire them back, and therefore, you lose police officers that are highly trained at a significant cost to the city, just to attack their 90% retirements that councils have given them to keep them here, to serve the public to risk their lives to defend us and to protect everything. And now, we hear this grant which will entice seven new candidates out of a pool of who knows how many to give up their lives to come to San José, for a period of a few years, with no guarantees thereafter. And certainly, no steadfast resolute final commitment by any of you. So where I support the chief's attempts to gain more police officers, it is cautioned by your lack of provincial wisdom of protecting the other police officers who have already left our ranks for other jurisdictions.

>> Mayor Reed: Ross Signorino.

>> Thank you, Mr. Mayor, members of the council. This is a great thing that's happening that we can give some kind of a grant or potential grant for more police officers. And God knows our city needs them. But at the same time, we must not overlook the fact that in still is a very safe and comfortable city to live in. Now, I mentioned this before, I remember some time back that we had a unit that just worked on electronic crimes that can cause the Internet companies to go under. And I would think that that is one way to try to think of installing that particular unit, if not that, at least civilian workers that can do this type of work and businesses feel they can come to the City of San José and feel comfortable, they can go to our police force and say this is a crime, this is the way it is, and they investigate and say yes, there is some cause there. And then have the expertise to bible to appear in

court, to be able to handle this evidence. And that is important, too. Not people that just come by, one time and another and say they're gone today, and gone tomorrow. These are people that we need. And again, I say this is good for business when they know they can go to our police department, say, hey, something's gone wrong. Forget all the fire walls and all that other stuff that companies have. These can be breached and we must be prepared for that type of crime. Good that we're getting these seven policemen, I hope. Thank you.

>> Mayor Reed: That concludes the public testimony. On the motion to approve the recommendation, all in favor? Opposed, none opposed, that's approved. Making some progress. City Manager report.

>> City Manager Figone: No report today, mayor, thank you.

>> Mayor Reed: Thank you. Item 3.3, the Green Vision annual report and work plan. We'll have a presentation from the staff, we'll give them a minute to get into position.

>> Good afternoon, mayor and council, Ashwini Kantak with the City Manager's office. I'm really happy to be here today to present the 2011 Green Vision report and share with you all the great work that staff across all departments along with the community have been doing to advance the Green Vision goals. I'm joined by Matt Morely deputy director of Public Works, Kerrie Romanow acting director of Public Works and Hans Larsen director of D.O.T. I'd like the opportunity to acknowledge all the staff across multiple departments that are so passionate about Green Vision and to make it a success and to Amy Chan from my office who plays a key role in advancing this work. So the presentation will cover the 2011 accomplishments as well as 2012, work plan priorities, and then we will spend a few minutes on three areas that will have some important decision points coming up in 2012. So as you're well aware, economic growth, environmental stewardship and enhanced quality of life for San José's citizens continue to be a cornerstone of the Green Vision. Green Vision positions us to be leaders in clean tech jobs, energy recycled water and zero waste but it also allows us to enter into strategic partnerships and access funding from federal state and regional agencies and create local jobs. This slide shows you where we are with respect to the 2022 targets and we've made some significant strides since last year in percentage reduction in energy use has almost doubled and we've added almost 2 million square feet in green buildings. energy

reduction reflection of kind of the more comprehensive look at sectors associated with capturing everything, but kind of improving the methodology of I do want to point out that on smart street lights even though you don't see an uptick in the number we did receive a contract for 2300 that will be installed this year. Just a couple of examples of recognition for we also received the U.S. chamber Siemens sustainable community award awards which are listed in the report. So I'll take a few minutes to talk about the key accomplishments which are even more significant when you consider them in the light of very limited city dollars. So before I get into specifics I'm happy to report that we have to date received over \$85 million in grants for the Green Vision projects. On the clean tech goal we have over 7,000 jobs created since \$7 billion vested in Silicon Valley companies, with \$1.10 billion invested in 2011 alone. And on the energy side we were able to energy projects this is on the municipal facilities. So almost \$200,000 savings in the last two years which have been deposited into the energy fund. And since the creation of the energy fund almost \$900,000 have been deposited into it for energy efficiency projects. On solar we have over 3,000 solar systems in San José that total of about 44 megawatts. And we are currently working with solar city on city facilities, so we have four sites that we're working on. And continue to complete evaluation of other community center and library sites for the next round of installations. On the green buildings, we have 5.4 million square feet of certified green buildings. And off this 1.4 is just on the municipal side. We continue to have one of the highest rates of diversion in the nation. So we're at 71% overall diversion with even higher rates in some of the sectors like the multifamily with 77% and city facilities 84%. And then we've entered into partnership with zero waste energy development and harvest power on waste-to-energy projects. We have constructed more than 10 miles of water treatment facility is also underway in partnership with the Water District. So council adopted the general plan update in November of last year. And we have 40% of the city fleet now on alternative fuel and from the 2003 baseline, that's when we started measuring the greenhouse gas emissions we have a reduction of 32%. We continue to be a national leader in deploying smart street lights. Hans will talk about that a little bit later. In 2011 as I mentioned we awarded a contract to install 2100 LED street lights with smart controls and the PUC also approved a three-year dimmable street light pilot which will allow us to maximize our energy savings. On the streets we continue with our street tree inventory with a lot of grant funding. In November, our city forest which is a key partner on the trees goal, also opened a tree nursery near Guadalupe gardens and this will create a more economically viable approach for providing quality trees, especially native trees which are not really available that much. And then the nursery will also provide a one stop

community resource for planting and tree care education. We received over \$5.4 million in grant fundings for trail as well as bike and pedestrian improvement projects and then we did our annual trail count another almost 6% increase in the trail inventory and we continue to be over 20% of average in the use of bikes. So on to the 2012 work plan priorities. This is just key highlights. There's a more comprehensive work plan attached to the report. So as we continue construction of the environmental innovation center which I can see the top right, staff is focusing on identifying partnerships to support demonstration displays, workforce development training and educational programming at this facility. We plan to continue to reduce our municipal energy usage with a minimum target of 5% but we will also be looking at opportunities to expand that effort and Matt Morely will talk shortly about this. solar city, to install solar on up to 20 city facilities with power purchase agreements. And we continue to increase continuing the go green school program. We've also recently begun our strategic planning process for the recycled water system and we are working with our partners to kind of guide the future of the recycled water program and Kerrie Romanow will be touching on that rarity in the presentation. As I mentioned before the general plan was adopted and zoning opposites and also work on its greenhouse gas reduction strategy. On the electric vehicle charging stations we actually have 52 charging stations that we plan to install this year, primarily in downtown locations. The LED street lights again completing the installation of the 2100 street lights, and on the trails, we're going to be paving close to seven miles of trails, lower Guadalupe river trail and highway 237 bike way trail and also expanding the onstreet bike network. And adding -- so that by about ten miles and then adding about 500 bike parking spaces. So policy support of the state and federal level is critical, of course. In addition to the City's own legislative agenda, the mayor's clean tech legislative agenda captures feedback from industrial leaders on challenges and opportunities for growing clean tech. Some of the things I included there, energy, renewable energy and smart grid technologies and we just continue to remain active on the legislative advocacy front in both Sacramento and Washington, D.C. So on financing mechanisms in the recent past the city has been fortunate to have an influx of grant funding for several Green Vision programs and projection. As you're aware many of the state and federal funding projects are drying up, many of the grants are nearing completion. So the city energy fund is a great way to reinvest in future energy projects and the recommendation in the mayor's memo will of course use the state federal and PG&E funding and leverage it to expand energy efficiency, education audits and improvements. And with power purchase agreements for solar as well as grant funding for the soft costs we're able to advance the renewable energy goals with no up-front costs to the city and then later on Hans

is going to touch on potentially financing options for street light conversions. On the grant fee finding matching funds as well as staff resources continue to be challenges again per the mayor's memo we will look to identify opportunities for upcoming grants and bring forward budget proposals as appropriate. On strategic partnerships we of course reach out to a lot of people in terms of advancing the Green Vision. These are just some of the key ones I mentioned here, partnership with national labs on EIC our demonstration partnership policy still continues to provide a great framework for partnerships to test out emerging technologies. The zero waste energy development will begin construction of an anaerobic digest facility at nine par and harvest power will conduct a feasibility study in the gasification pilot. San José is also partnering with the Water District on the advanced water treatment facility and we're partnering with San José State university to launch the car share program this summer. And finally we continue our work with our city forest to partner opportunities and leverage resources, including successfully relocating tree offices so they can help us in their goals. Community engagement, we can't do much with the public engagement and community involvement is needed not just for community phasing goals like energy and zero waste but also on goals such as smart street lights and the trees. Because as we advance city driven strategies address these goals we need to engage the public to support these initiatives and help them understand how these initiatives can save the city money and in turn lower the City's energy cost and provide ongoing savings to the General Fund. Given limited staff resources for communication we'll continue to leverage low-cost strategies such as the Green Vision Website, newsletter, use of various goals and the City's green team which is kind of a grass roots thing in the city continues to do an excellent job in educating city employees about the Green Vision and engaging them through green tips, brown bags and lunch time transition to discuss the three focus areas of the Green Vision where we are at a crossroads this year so first Matt morely smart LED street lights.

>> So in the area of energy efficiency, that program's been predominantly driven by the recovery act funds. There's been a nice element to that in that we've got essentially double savings from the program. We get the energy savings from the program as it was designated but we also benefit in that we replace our aging infrastructure and significantly or we have been able to affect our deferred maintenance in that way. So that's been a great benefit to the program. We're currently working through 71 projects. The projects include things like lighting programs that you see up on the slide. That was an LED lighting installation at the central service

yard. We have some bigger-ticket projects such as chiller replacement that have a great effect on the city's General Fund budget as we're able to replace those with other people's money and we're able to do things like retro-commissioning which has surprising savings in what is essentially a tune-up for our facility. And we hope to continue that program into the future. As it connects directly to the efforts at a we're trying to move forward in facilities management. The recovery act has provided \$4.5 million in funding and as Ashwini mentioned that contributes significantly to the energy fund and the energy fund we look forward to in future years as being a big resource in continuing energy efficiency projects. The two-year program in its past two year mark in order to keep the fund self-generating, self-sustaining. With the five-year extension, five-year program as proposed in the mayor's message that will help increase the number of projects we're able to take on and still maintain the sustainable East grants as Ashwini talked about in her presentation. We're always excited to take on demonstration projects and have done self of those including in this facility where we've installed the solar Pam on the roof right above us here with a developing company. We found that building technologies are moving more and more towards the technology industry so our connection to Silicon Valley has been a big advantage to us there and we'll continue our discussions with companies as they bring theirs to us or we become aware of advancing technologies that advance our needs as well. and finally we need to look towards something larger and I think as in the maybe's message looking for alternate sources of funneling including an RFP for an energy services company would be beneficial for us and we'd like to explore that and be ready to take that on in the future as well. With that I'll turn it to Kerrie for the next portion, thank you.

>> Kerrie Romanow: Thank you. On the recycled waterfront, as you may recall, South Bay water recycling project began in October 1997, when we started distributing water. We're in our 15th year of the recycled water business. And as we start to explore what to do next, the advance water treatment facility, now known as the Silicon Valley advance water treatment facility as named by the district earlier this year, we start to look at how are we really going to hit that Green Vision goal of beneficially reusing all of that water? And we've embarked on a strategic planning and master planning effort that we think will show us the path to not only where expanding the system makes sense but how do we assure that we have appropriate funding to do so. Recall that the system was set up too limit plant effluent and that was to protect the salt marsh habitat. It's moved from that as the core focus of this program to potentially moving into a potable water supply solution as we look at our community

continuing to expand and to grow. So the tributary agency, Santa Clara Santa Clara and San José got together in early January and had a kickoff meeting. And in that kickoff meeting we started to explore opportunistically been expanding the system and perhaps we should take a moment to pause system expansion and ensure that we were planning for the appropriate use of that particular set of infrastructure. And so as we continue with the building of the advance water treatment facility which will open in early 2013, we are continuing to look at best -- how to best meet the water needs of our community and we've been working in close promote with the Water District. So the water direct is master planning partnership is important to ensure we sort of hit the right mark regionally, so that in ten years we're beneficially reusing that water. So the question is what's the future use of that without and my hope is in 12 to 18 months I'll be able to come back and tell you I have an answer to that. Along the way we will certainly provide you opportunities and guidance on that, but we think if we stop and reframe things we'll be in the best position to atape that goal and make sure the community has the tools do that going forward.

>> Hans Larsen: All right, Mr. Mayor and members of the council, the third portion of our launch new innovative technologies right here in San José. I'm very proud to say that San José is the global leader on energy-efficient street lights. These are street light that are adaptive so can you provide the right amount of light at the right place at the right teem. That allows us to adjust our lights so they are brighter in the late evening when the use is lowest. This is a technology that was developed right here in partnership with the clean tech industry. We had the Green Vision at a was approved in 2007, we deployed the first adaptive public street light here at City Hall in 2008. We did a number of different pilot projects working with industry in 2009 and 2010. We developed the nation's first standards for adaptive street lights. And because there isn't a billing rate for adjustable street lights, we have to work through that institutional issue and we got that solved last year when the PUC approved a new PG&E billing rate. We're now pleased that we're actually deploying these street lights. We've received federal grant if I understand that's allowing us to deploy 3,000 street lights in all council districts of San José and we will have these locations ail installed by the end of this summer. There's tremendous benefits from this. We estimate 60% energy savings, and that's on a \$4 million annual street light energy bill. So that's over \$2 million of savings each year. These lights have a lower maintenance cost. Our current lights have a life of about three years. The news LED lights last over ten years. So that's a lot of reduced activity in terms of changing street lights. The lights

have a better light quality, greater visibility and this all leads to enhanced safety. And with the adaptive controls it also allows us to have direct notification of any malfunctions or outages of the light. Right now we rely on the community to be the eyes and ears for us when the light is out. And then we respond. As a control mechanism, wire theft, we will know immediately when we have a concern and able to respond. So really, the key step, next step here is can we get more of these lights out in our community. and that is something we are actively working on. We are preparing a report for the transportation and environment committee for their meeting in May to take a look at a number of different policy options and generally we're looking at three different kinds of lights within our city. We have our downtown lights which utilizes the most energy of all of our lights because that's where we have the brighter lights. We have our major streets which have a relatively High rate return on our investment and then we have our neighborhood lights which are generally very energy-efficient now. But would benefit by the conversion. So we are looking at a number of efforts to finance this. We'll continue to pursue grant funds where they're available. We think there are some opportunities to seek private investment. And we support one of the items -- we support the mayor's direction which identify the direction to explore private financing for both our street light conversion as well as building retrofits, and we certainly support doing that. Some of the firms out there that offer attractive private financing rates are Chevron K energy solutions, Siemens and general electric. We would also deployment. So look forward to being back in front of the council through the transportation and environment committee over the next few months to really answer the question of how can we best fund additional street light conversions. I'll turn it back to Ashwini.

>> Thanks, Hans. So in conclusion I'd like to say that given the current and projected growth in the clean tech sector and the opportunity to attract investment, create jobs, and I think build a community we can all be proud of, I hope the city will continue to make the Green Vision a high priority. I'd like to ask the council to approve our recommendation, and approving the 2011 Green Vision annual report and the 2012 work plan, priorities and implementation framework. And that concludes our staff presentation. We are available to take your questions. Thank you for your time.

>> Mayor Reed: Thank you, staff. Excellent report. And it's been a few years since we got started down this path. It looked like a very long and difficult road to -- for 15 years and it's certainly proved to be challenging but

we've made progress and that's the whole point of setting the goals and having the metrics and measuring our progress, because you can see progress being made in some areas more quickly than others. But we're doing more here than just tracking our own progress. And what I think is probably the most important thing we're doing besides helping to create jobs, our goal of 25,000 clean tech jobs, it's good to see we have got 7,000 already, but beyond creating the jobs really doing the right-hand work for every city in the world, to figure out how to deploy this technology in a way to save money and improve efficiency of operations, I always go back to the example of the traffic signals. We were the first city in the country to deploy LED traffic signals and now everybody's got it. And we saved money along the way and so do a lot of other cities. I think our street light programming is another example where just in the time we probability of being able to do it seems a lot greater. That's going to create a huge market for many local companies, creating more jobs, creating more revenues, helping us achieve our goals but also, helping the industry. So that's an important thing to keep in mind, that the work we're doing here is something every city in the world will be want to be do and that will have a great impact or Silicon Valley. In addition to solving some of our own problems. And I guess the key to this is working with other people's money and we have been successful in getting other people's money. We managed to figure out how to do power purchase agreements on solar projects so we don't have to put our own money into these projects and they start to generate income, that's a good thing and the grants are crucial to moving ahead, maybe the grant environment won't be as good as it has been but you never know. We have to be prepared to do that because that's certainly a very important source of money to us. I had one question for staff to talk about just a little bit more. That was the whole definition of clean tech jobs. There's a footnote in the report that talks about it because we've gone back and forth over the years with a lot of different people with a lot of different definitions of what is a job. And sometimes it's a green job, sometimes it's a clean tech job and sometimes people count things that we don't really think are clean technology. And we also know there are people working in clean tech that aren't being counted. So if you could just maybe talk about how we go about counting the jobs and the standards that we're using. I don't know if we're yet at a yuferls ,ly.

>> Kim Walesh: Kim Walesh director of economic development. You're right mayor, we have struggled how to measure clean tech jobs and what we're focused on is really the narrowest definition of the core clean tech jobs where the real innovation happens. And then that has a multiplier effect on other industries. So we're using the

best nationally accepted methodology for tracking clean tech jobs and that is by definition it's very focused. So it doesn't include certain things like contract manufacturing which is a very important part of the clean tech sector. It's hard to pick up big companies like Cisco and IBM and the part of their businesses that are devoted to clean tech. So we think it's important to use a standard measure. I think a better measure for us to track is to look at our other indicator which is the number of clean tech companies in San José that have expanded or located here. That's something that we can track directly and on that measure we are at 100 companies in San José, clean tech companies expanded or located here to our goal of 250.

>> Mayor Reed: That's good, thank you very much. And that brings me to a point that Councilmember Liccardo made when we were talking about the budget. And that is the need to capture the opportunity in the valley now to get companies to stay here and grow here and his request that we cost out what it would take to add some staffing to do that. And part of the recommendation I'm making for our Green Vision is that we make sure we capture the opportunity and focus on trying to get the companies to stay here and grow here. I know staff has worked on that a lot. That's an important reason why we got 100 companies here. But I think there are other opportunities and this is a window that's open with companies growing in the valley. We don't know how long it's going to stay open. Maybe it depends on whips in Greece or somewhere else in the world. We want to take advantage of the window whenever it's open and focusing on is an important thing to do. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor Reed. Thanks for the staff preparing a presentation that follows through on all the objectives. Quick question what's the guess estimate of if you have a full composting pickup for all food that's compostable, what would that take us closer to? It can be rough because I'm just putting you on the spot.

>> I'm going to ask Jo Zientek to come and give you at a specific number.

>> Jo Zientek deputy director, ESD ESD, we have two models for that all organic molecule in the garbage frequent and we're 84% for city facilities and around 80 for multifamily so that's kind of the highest we think anyone could get with the current state of technology.

>> Councilmember Oliverio: And if we rolled it out to the residents is there any garnering of what that would close the gap on?

>> Well, we will -- the first big gap closer we'll have is the commercial system because this does not reflect all the changes we're doing in the commercial system is also composting of the garbage program. Just doing that we're hoping to move that several points and then with residential we're bringing some options and the results of the pilot with some of that information to the transportation and environment committee in April.

>> Councilmember Oliverio: So that would close the gap, it's just a matter of how we proceed after the pilot is taken to committee?

>> Yes. The commercial and if pilot should -- if we proceed with commercial, should get us several points. And then, whatever we're able to do with residential in the next couple of years.

>> Councilmember Oliverio: And do you think that would take us a long way to reducing methane just because that wouldn't be creating the gas there in the landfill?

>> Yes, we'll be actually the new zero waste facility will be capturing that methane and converting it to energy on the commercial side.

>> Councilmember Oliverio: Okay, another quick question for the rest of the staff. You always get symphonies trigger -- not these trigger words but you always get reference to SB 32 and 75. Covers both those pretty effectively, the goals of both those legislations?

>> Yes, so I'll get started and then Laurel may want to add something because that's really going to be the greenhouse gas reduction strategy as part of the general plan 2040. At this time the Green Vision goals have been reducing a lot of the emissions but really convey have a much broader plan, Laurel can speak to it.

>> Laurel Prevetti: Thank you, councilmember. With our new adoption of general plan 2040, we have essentially adopted a local SB 375 is doing for the entire region. So I would say San José is actually ahead of the curve. And stowing with all of the request can Green Vision goals we are on our way to reducing greenhouse gas emission significantly in our city consistent with AB 32. We are working on an implementation policy to go along with our J.P. and its greenhouse gas reduction strategy that we should have before you later on this calendar year.

>> Councilmember Oliverio: Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks, mayor. First I wanted to say thank you to all the members, the staff who have been working really hard on this and it's obvious we're making great gains in many different ways, and we should certainly take the time to step back and say congratulations on the success we've had and to thank you for the work you've done. At the 30,000 foot level though, as we think about greenhouse gas emissions in the Bay Area, typically the number you hear is 30 or 40% automobile. And as we look at the top ten goals I mean the goal that seems most relevant to that in my view was the mayor's direction as one of the ten items, to create a general plan with clearly delineated standards for environment improvement. And clearly within the general plan effort we had very ambitious goals, I know Hans is very involved in setting those goals, for mode share. That is, shifting our transportation use out of cars and I think we all recognize it is a very difficult thing to do over the -- even over the long run. We were looking at a 2040 goal. But my concern is that as you look at the annual report, you don't see any of those mode share goals in there. And it seems to me that we probably would want to focus on those, since that's a huge percentage of our greenhouse gas eapplication is around transportation, and because it seems to me it's the most importantly goal in our general plan as we are talking about what we're trying to accomplish environmentally. And so I -- and I appreciate the fact that in the trail section I think there's some mention of bike

lanes and expansion of trails that's obviously relevant to that and I know there's obviously a city fleet requirement as well. But I think we also recognize that each with a fully electricity fleet if we're -- 87% of our energy feeding into the electric grid is nonrenewable then we're not actually getting a lot of gain in greenhouse gas emission. So I wanted to explore whether it would make sense to include our mode share goals measure that we use as we look at transit use, bike use, and obviously, pet use, for commutes. And I guess I would want to invite any staff feedback about that suggestion.

>> Laurel Prevetti: Thank you, councilmember and I'll get started and my colleagues may have additional comments. mode share goal and vehicle miles traveled reduction goal reducing by 20% goals that we have in the general plan and we will be doing a general plan update for you in terms of annual measurements how well we are doing towards meeting these goals, we're projecting to bring that to you in 2013. And we have had discussions about how we can have the Green Vision report encompass some of the highlights of that general plan, monitoring without duplicating all that effort. So staff is still sorting through what should be in the Green Vision report versus what should be in the general plan, there's clearly overlap. And so we are as we look forward to the 2012 Green Vision report, we may be able to present some of that mode share data as part of our measurable general plan goal 7 of the Green. So we are looking forward to that.

>> Councilmember Liccardo: Thank you, Laurel, I appreciate you raising the issue of EMT, I think we all recognize that is the other critical matter, in terms of transportation changes. I got the sense though that VMT is hard to measure. Exactly I don't know how we measure it well on a per capita basis or in the aggregate. That's why I was thinking, if we are going to do this annual update, we should focus on numbers we should get on, not shape that looks at bike mode share I could be wrong on that Hans but it seems like we get more information from a lot of other sources which means we have an easy way to get the information I'd love to be able to see it.

>> Councilmember Liccardo, we do address that in the report on page 52. It's a start of a discussion about VMT and some of the other things that talk about it may be easier like the ridership and journey to work data, census, we talked about the fact that on a yearly basis that may be hard to measure borrowing and so whether it comes in the Green report every year or comes through the general plan reporting, we'll discuss that part in discussion.

>> Councilmember Liccardo: Okay, I appreciate that Ashwini. I just -- I'm looking at page 52. I recognize the word, the letters direction. You don't see anything in here about mode shift and it seems to me that's a much easier thing for us to measure and try to gauge our efforts by.

>> Mayor Reed: Councilmember Kalra. & thank you, and I really appreciate the conversation that's been happening that we've had on in and I really appreciate the work by staff. You know, these objectives. Fought on these objectives during a very difficult economic time period. And yet finding opportunities still even within that framework to move on some of these very important items that ultimately save us money and achieve Green Vision goals. As far as the job creation I'm glad we use a little bit narrower definition. I appreciate the reality is probably, if we're talking about 7,000 core jobs we know that that probably equates to tens of thousands of jobs overall when we see the effect that some of those jobs have on the surrounding market and other industries. And my belief that in the next couple of years we're probably going to hit double digits in the thousands open our share of growth that we see even in manufacturing acknowledge in these emerging technologies, emerging industries. I think we're well on our way, 7,000 given the last few years is a pretty wonderful employment accomplishment. Struggle to meet some of the state guidelines without having in some cases a Planning Department or very small one and trying to figure out and they certainly don't have the degree of expertise that we have in ESD and D.O.T. and Public Works. So I think that if we can lead as the mayor said lead by example we do some of these things and show the hard numbers that we've saved, I think that it will really certainly be an incentive for other jurisdictions to follow, and save money and obviously, reduce greenhouse gas emissions and overall energy consumption. So Hans on the street lighting one in particular which has been really great since I know they did the pilot demonstration in my district and I know there was a lot of community input on it and it's great to see it implemented. You indicated there are certain types of lights or certain streets where the arterials or the downtown places where you know you need a higher energy level, and focusing on that, gives us more bang for our buck so to speak in terms of implementing these new lights sooner rather than later. And in terms of financing you refer to some of the financing piece. My I would guess now that we've been able to show cost savings in terms of the reduction of electricity bill after there's been adjustments in our ability to do that the, that there must be now going forward ability to get financing that doesn't cost us anything if we can show that

long terminate savings whether it. Chevron energy solutions or some other entities that they can front the money to guaranteed cost savings that we reaching the goal of having 100% of our lights replaced. Is that kind of what you have been contemplating given the fact that we have data showing how much we're saving?

>> Hans Larsen: Yes, that's exactly what we're looking at, exactly where we could finance the up-front cost of the street light conversion and then have it paid for based on the energy savings that we get.

>> Councilmember Kalra: It was theoretical when we started the program but now we actually have data that shows we saved X amount in our electricity bill. With that data I imagine it will be easier to access some financing to push the program further.

>> Hans Larsen: Yes. And there are companies out there that are interested in providing financing for these types of conversions. So we've been in contact with them. And taking a look at some policy options, and as I mentioned, this will be a subject of a report to the T&E committee in May.

>> Councilmember Kalra: Okay, good. You know as far as having it spread throughout the city in each district most relevant concern is how can we get the cost savings sooner than later. Focusing on older infrastructure that for some reason or another may be using more energy, if we can save 2 cents in providing push this program further so yes, I appreciate that, I think so far so good in terms of that program. In terms of the recycling of water, I really would like the idea of moving forward on this and I know there's still a lot of research to be done on it but there's so many other jurisdictions around the world that already have you know full recycling programs. And so, I look forwards to continuing that conversation and again you know, when we're talking about not just enormous cost savings but more importantly we know the limitations we have with our water table and continuing that is not only something we look at for being green or energy efficient or class but I think it's a matter of just really survival, sustainability in the long term because we're not going to get enough water from our current sources we already know that and I know that it's going to be an education process to get the community to buy into it. But like I said you know with current technology it's already being done. And so I look forward to that. And then finally on the you know going forward with the full composting program, you know, citywide, beyond commercial and getting it into

the residential, eventually and I know other cities have it, we have big challenges because we're such a large city and we're so spread out that it offers unique challenges for us that other densely populated cities don't have. But I really appreciate the work being done on that because I think that is really something we need to do as quickly as we can, given the other constraints that we have financially and otherwise. Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. I'd like to make a motion to approve the memorandum dated March 19th from Mayor Reed, and include an additional requirement that we include within the measurements we assess for Green Vision progress, our best measure of moving our residents into alternative forms of transportation, whether that is in the form of reduced BMT or mode-share shift or any other measure that we can readily get statistics for on an annual basis. That would be the motion.

>> Mayor Reed: All right. We have a motion. I have one request to speak, Mr. Wall.

>> This report has so many material omissions. It is basically a material misrepresentation of facts that have been presented to you. Focusing on only one section of today's report with two subsections, the reclaimed water project and the advanced water treatment facility are funded from the sewer service and use charge. Sewer service and use charge appears on property owners' property taxes. It is specifically defined as to its use and is governed by proposition 218. Currently, and not discussed today, is that the Cupertino sanitary district, a member of the treatment plant advisory committee that governs the water pollution control plant, has given a letter of demand to you, Mr. Mayor and to the city, that they will refuse all participation and payments to the reclaimed water project as it is defined. Their March 9th, 2012 letter can be easily accessible on the Rules Committee agenda for this week, Wednesday, the 21st. It is very profound in its language, sir. You have been warned many times by this citizen about the use of the sewer service and use charge for the reclaimed water project, especially with the advanced water treatment facility. The letter, and the content therein from the Cupertino sanitary district, sets the basis for a complete reformulation of how the reclaimed water projects are funded and more so the damming refunds that are potentially going to come to the city because of misuse of this fund. Thank you.

>> Mayor Reed: That concludes public testimony. We have a motion on the floor. All in favor, opposed, none opposed, motion is approved concluding our work on that item, taking us to item 4.1, fire station number 1 candidate city landmark.

>> City Manager Figone: Here to respond to questions, mayor.

>> Mayor Reed: Okay, we have requests from the public to speak. Councilmember Liccardo.

>> Councilmember Liccardo: I'd like to move the memorandum that was co-signed by Councilmember Rocha, Mayor Reed and Councilmember Oliverio dated March 16th and I'd like to offer some comments if that motion is seconded.

>> Second.

>> Mayor Reed: All right we do have a second. Councilmember Liccardo.

>> Councilmember Liccardo: I'd like to thank a few folks. And I think Peter -- in Councilmember Rocha's office brought this to our attention, saying it had been really languishing and needed to bring this to our attention the landmark status. There is one very special person here, I wanted to acknowledge, Warren Hyde, I hope I'm not mispronouncing your last name. Thank you. Warren lives here, and he is an honors graduate of U.C. Berkeley, which was a firm hired by the city to design old fire station 1. And that was being designed in '49 and Warren was doing the design work because he had a design in the more modern design harmonious building within the budget, but Warren opened his own architectural firm here, in '59, remained in business for another 52 years. He's designed many schools, churches, and homes in the area. And was the architect of the Mercury News building on Ritter park drive. We're very grateful that he's here today. He comes from a strong lineage of architects, I believe his uncle designed the civic here in San José. So much to remark about in this gentleman's remarkable life so thank you for being with us.

>> Mayor Reed: I have some requests from the public to speak. We'll take that first, I think, there's only three cards so Ramiro Torrez, David Wall and David Grayson.

>> Honorable mayor and city council, I'm RAMiro Torrez we're here to support the resolution to for the recommendation to nominate fire station number 1 as an historic landmark for many reasons. One reason, it's a unique building, many stories could be told there and many stories could be told for our future generations to come. I just want to give you a little bit of background of myself. I'm an architect by training. A graduate of California Polytechnic State University San Luis Obispo. and I'm also going to speak as a citizen of San José. I really enjoy living in the city, I've been here for 15 years and I'm going to preserve some of the history. Now in the Molly memo of the city council I noticed that several of you have opposed this nomination because it will bring a negative impact to the potential of the site. And I just want to tell you as the historic landmark commission that's exactly what we want to do. We want to make sure that this building is considered a landmark and it makes it difficult for any developers to destroy the building. And I just want to urge you to support the nomination and make it a historic landmark, not only for us as HLC or for the city council but for the City of San José, its citizens, our children and our children's children. Now, we have a very unique opportunity. One to make it a historic landmark and also, to facilitate fire station number 1 to move into the building. I think both have very unique characteristics and it makes it a perfect tenant for the perfect location. And I just want to again urge that the city council please make this building a historic landmark again for the City of San José. Thank you very much.

>> Mayor Reed: David Wall and then Brian Grayson.

>> I've always supported fire station number 1 in a variety of different venues and applications. One amendment to this should be that the building be historical monument, but subject to modifications directed to and by, the San José fire department. Because there may be and probably will be improvements in fire suppression technologies that when you encode this as an historic landmark may preclude modifications without extraneous and legal type hurdles that maybe costly. Lastly of the record it is of interest an epiphany, change of heart perhaps by three of the four councilmembers that signed this. Mayor Reed, Your Honor Councilmember Liccardo and Your Honor

Councilmember Oliverio, it's interesting to note your profound support for the fire department with reference to cutting their benefits and their wages, all they want is a reasonable wage and benefits to raise their families around to keep us from burning to death. Thank you.

>> Mayor Reed: Brian grayson.

>> Brian grayson representing prevention action council. We support the nomination, urge you to do so as well. It's unfortunate it's taken as long as it has to come here here today we do hope that you will ensure the safety and protection of this building, as you know we've got a pretty bad track record going on with loss of historic buildings in San José and we hope that you will see that this building is properly protected both from vandalism and fire so that it can continue to serve in whatever way it's reused and restored so we appreciate it and urge your support. Thank you.

>> Mayor Reed: Mr. Hyde, would you like to speak?

>> Yes, please. I'm a little slow.

>> Mayor Reed: That's all right. We can wait. Podium down for you to a better height.

>> I'm going to go sideways here. Sure nice to have grandchildren that are grand. With my help from my grandson. If you push me up. I'll stand up. Okay,.

>> Mayor Reed: We're good, that's all right.

>> Well, I lost the microphone.

>> Mayor Reed: It still works.

>> Still works. Honorable mayor and councilmembers, I'm Warren Hyde. I grew up in the valley. Served in World War II. One of the forces that wants to go home. I was in the CBI. Upon getting home I decided to study architecture at Berkeley which I did for four years. In the meantime in the summers I got a job here in San José at the old firm of bender and Curtis. And when I graduated, Mr. Curtis wanted me back. So I came back, and having what we would call modern architecture design, I was given this project to design, because everyone wanted something that was in poured concrete, which it is. Most buildings in San José, old buildings are brick. I produce a building that was of a style that the police department and the fire department wanted. And it was here on the corner, it was all poured concrete as I said. It has a different framing structure. The structural engineer was the only one in town bill Lutz, better known, as any of you will remember, William D. Lutz, very strong engineer. The building was finished in construction in 1951 and again is one of the very first buildings with, of the structural and architectural details. I won't go into them. But I feel definitely, not because of me but because of the city, that this is probably the oldest poured concrete building in the City of San José. And I certainly hope that you can accept what has been given to you to approve, and I thank you for letting me speak. Any questions?

>> Mayor Reed: I don't think so. Thank you for speaking. That concludes the public testimony. Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. let's get this done. I want to thank Brian Grayson, he's been committed to this as well as other projects. firefighters many are not that are volunteers that -- and I know many of us have been there and seen the great assets we have and there's an opportunity to make this a creative development at some point to maintain the historic structure and historic building and you have know, have it become a fire museum or something of that nature, I think that it would only add to the -- it certainly can be an attraction given what we still have, what we've been able to hold onto. And if you see those fire trucks and see some of the -- when you go to some of the museums just in general around the country and I've been to fire museums and I don't think I've seen they of them that have some of the vehicles we have and the number of them. And so there may be an opportunity at some point going forward but anyway this is the first step to ensuring that we are able to save this building and recognize it for its historic nature and I thank the mayor and councilmembers who brought it forward and will be supporting the motion. Thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you I was going to do the same thing. and your passion for this, and the heritage of San José and maintaining the history here. We are all in debt to your work. Thank you very much, and the folks from the historic landmarks commission, your continued advocacy and preservation action council.

>> Councilmember Liccardo: Heavy lift and particularly given the financing challenges of the day but thank you for your perseverance, John.

>> Mayor Reed: Question on the analysis we used, we had a discussion on this topic two or three years ago, around the old library library and we had quite a bit of difficulty with the tally sheet and the subjective nature of that. We are not take action based on the tally sheet because we have much more in front of us. But can you give us an update of what we are rather than the tally sheet which we didn't like very much?

>> Laurel Prevetti: Thank you, mayor. We did have a study session with the council a few years ago with respect preservation community as well as the development community, to discuss how we could streamline historic preservation and how we might be able to refine the historic preservation process. As a result we did update our historic report guidelines. Those are posted on the Planning Department Website and available for public review. We did not -- we were unable to finish all of the work that assigned to the defunded. So this -- so the tally sheet question is still an unanswered question. We still use it. It does provide an ability to essentially quantify the information that we obtain in a narrative form. We do use the state narrative form known as the Department of Parks and recreation primary record. This is where we are able to document the historical significance of a building or of a place. It's really -- the San José version is to take that and use the tally to essentially quantify it. We recognize that the council was hoping we could come up with a replacement but without funding for historic preservation we're essentially only able to do the bear minimum to keep our historic preservation going.

>> Mayor Reed: Thank you, one of the many things we have been unable to do due to the economy in the last couple of years. A comment on this building redevelopment Agency, and I think the funds ultimately went into Watson park for the rehabilitation once they got into the city hands. I'm not really sure but I do know it's now owned by the successor agency as determined by the disposition of it will be I guess supervised by the oversight committee that the state has created that will meet for the first time this week and will begin to figure out how we dispose of real estate owned by the successor agency. It does have liens on it with J.P. Morgan and Santa Clara County. So we can't really say how exactly we'll dispose of it. I'm sure there will be a public process that will satisfy the oversight board and when that will happen, I don't know. Haven't had our first meeting yet but we'll soon get an idea of how quickly we'll move through the real estate assets by the -- owned by the successor agency. We have a lot of properties and I don't think we're going to dux them all on the market at the same time. Probably not the best way to generate revenues. So it's hard to say exactly what will happen but certainly there will be a process that people can participate in. And whether you want a fire museum or something else there will be plenty of notice and process as we begin to move 30 that. So with that we do have a motion on the floor. On the motion, you've, opposed, none opposed, the motion is approved. Our next item would be 4.3, an ordinance amending our zoning code to streamline a permit process for office and financial services in the downtown. One request to speak. Mr. Wall. We'll take the public testimony first. I don't think we're having a staff presentation on this but -- Mr. Wall, you want to speak, we'll do that.

>> I would like to give accolade for mil. This is a very difficult scheduled for. I think Councilmember Liccardo is very well-founded. I think that there should be even more flexibility built into the language of this agreement. It should also be, if it's not already, referenced and incorporated with any efforts by the downtown business association. And their requisite funding. I'm somewhat taken back by the continued use of Silicon Valley's urban center. I reject that completely. I think the focus and the accent should be on San José. I would like, again, to thank Councilmember Liccardo for going forward with this. It is a shame that if city pumped so much money into the downtown, that forces this type of change. But it is my estimation that the City of San José will become the financial capital of the West Coast, northern division, thank you.

>> Mayor Reed: That concludes the public testimony. Councilmember Kalra.

>> Councilmember Kalra: Thank you and I just wanted to make a comment. I appreciate Councilmember Liccardo's March 16th memo. It would have been hard to support it without that. I am going to support the motion, I'll let Councilmember Liccardo make the motion. I do it hesitatingly. I agree that we do need to do something right now and I defer to Sam on that because he's the one that has to deal with these empty store fronts throughout the downtown, which affects all of us when there's a lack of vibrancy and a lack of use. I think we have to be very cautious going down this path because many downtowns that have ground floor banks and law firms and office uses they're ghost towns at night and that was the problem that existed in the past. We had the ability throughout the 2000s, late '90s and the 2000s we had more restaurants and vibrancy and the recession has caused a lot of those restaurateurs to close down. I don't want to put too many of those into the evening and so I just worry that we go too far down this path this may be a tipping point that is just going to further encourage the owners of the buildings to just give commercial rent to the office spaces, to the law firms that's just going to price out a lot of the retailers that we want to have in the downtown. So with the amendments that Councilmember Liccardo brought forward I'll support it at he least it has a time and plagues of those that were vacant. Otherwise there would be a great risk of a run on closing down shop and bringing in other uses. But -- and I also appreciate the fact that we're going to be taking a close eye on this through CED and I look forward to seeing what the results are. So I will vote for the eventual motion and impact of downtown.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. The note of caution is well taken. Councilmember Kalra I frankly agree. We do this with mixed feelings recognizing that we would much rather have retail. I just had one question, Laurel. Late breaking question that something had -- I had been thinking about, but a recent inquiry from a member of the community reminded me of. With regard to folks who may be coming into these spaces and obviously they're signing leases that maybe say five years, if that particular space then turns over from let's say a bank that has it on the ground floor, and now there's a new user, is there mechanism for us to ensure that it can revert back to primary retail use, that is a use that require an SUP for a new nonretail user?

>> Laurel Prevetti: Councilmember, once a business becomes established under this ordinance or any other aspect of the Municipal Code, that business is entitled to stay. If --

>> Councilmember Liccardo: Right, that's not quite the question I'm asking though.

>> Laurel Prevetti: Right but if the lease terminates and then they sign another lease, if there's a gap of six months or more then we have the ability. But if it's just -- they just renew the lease once it's established it will be very difficult for us to --

>> Councilmember Liccardo: Allow me to define the question a little more carefully. If there's a bank that's in there five years and it turns over to a different business and that's within the six-month period, does the new business have the entitlement granted here, they're coming in at year 5?

>> Laurel Prevetti: It depends on what the ordinance says at that particular time and it depends on the type business. So if it's a new office and in five years, council has rescinded this ordinance, then that new office use would need the special use permit or whatever the provisions are at that time.

>> Councilmember Liccardo: That's exactly what I was looking for, thank you. I wanted to make sure that -- I 30 we all expect and hope that we're going to be rescinding this within a year or so. And because we'll have a better market and when we do that I want to make sure that any new vacancies will be retail focused. With that I'll make a motion to approve the memorandum dated March 16th.

>> Mayor Reed: I hear a second so we do have a motion on the floor. On the motion, all in favor? Opposed? None opposed, that's approved. Item 6.1 is next, that's the minimum standards for development of lands on the West side of the airport, terms and conditions of a new for an RFP. For part of the real estate over there. We'll have a presentation by our staff. I have cards from the public to speak. It's now five minutes till 5:00. I think we're likely to get done with this before 6:00 and we do have a 7:00 p.m. meeting agenda so we have some items to take up by 7:00 but I think this will be done by 6:00. I suppose perhaps we should start with a discussion

that we started under the orders of the day about whether or not we want to take testimony, get the presentation, and then continue the hearing for action, in order to give some additional notice to some group of people. So perhaps we ought to talk about that. We won't make a decision I suppose until we get to the end and have a motion. But at least we ought to raise the issue now. Mr.Y.

>> Bill Sherry: Mr. Mayor, we complied with you'll the required noticing. However we tried to go a step beyond that and in our supplemental memo we indicated that we would directly copy a number of key stakeholders, including the airport commission and Atlantic aviation, add base, the Shasta Hanchett neighborhood, Rosemary gardens neighborhood and citizens against pollution, so forth. I learned last night that that CC list 97 got out. So it was an administrative oversight. So given that we abundance of caution we would recommend that we wait for two weeks. We can certainly discuss the item but not take action on it for two weeks.

>> Mayor Reed: Councilmember Liccardo. Do you have any further questions on that?

>> Councilmember Liccardo: No, I just observed that the cap letter acknowledged they received the supplemental memorandum. I didn't get. I was inclined to go forward given the fact that the group that's primarily concerned objecting to it, received this and certain members of their boarder here.

>> Mayor Reed: We'll make that decision after we've heard the milk testimony and staff presentation I think will be the time to make that. I know that people have come here to testify and we certainly want to give them a chance to do that. Councilmember Rocha did you have something first?

>> Councilmember Rocha: Well personally I prefer to make the decision whether or not we are going to hear the staff presentation and go forward with the item as opposed to hearing the presentation twice in the interest of time. As much as I like to hear Mr. Sherry speak on this issue we have some other items folks are waiting for. But again to Councilmember Liccardo's point if we are going to go forward of course we want to hear everything. Might we start with public testimony and make a decision prior to staff going into their presentation?

>> Mayor Reed: We can certainly do that. The public doesn't get the benefit of staff's presentation is the down side of that. But I'm happy to do the public testimony first. Staff, okay with you? I know you're flexible.

>> Bill Sherry: Eerie at your pleasure. Ing.

>> Board Member Gage: .

>> Councilmember Rocha: How long is their presentation?

>> Bill Sherry: It is a rather lengthy one. We did design it for education I would say it would probably be somewhere in the order of magnitude of 20 to 30 minutes.

>> Mayor Reed: I've got ten cards of people that want to speak. What do you think take the public testimony first Councilmember Rocha? All right, let's do so. Let's start with the public testimony, on this item.

>> Councilmember Oliverio: Mayor, I'd like to take testimony today but I'd like to have the benefit of having the presentation not for just the people here but the other people that might be watching to think it's important to get more of the data and more of the information out there because I think not all of it is known. So I'd prefer to do both today.

>> Mayor Reed: Okay. we'll start with the public testimony and then we'll come back for staff presentation and then we'll decide what to do with it after that. Mr. Wall followed by Patricia Benfield Jones, Rick Boyce.

>> First I'd like to thank the airport director for forthcoming with an administrative error. Speaks very well you, sir. Speaks well of our good friends at the airport in general. The issues with the West side development of the airport have been well exegeted with one caveat that really does not apply to airports. It applies to the federal definition that applies to corporate aircraft and the weight restrictions. I'm a supporter of corporate aircraft, I think they're some of the finest weight restriction proven in federal court am a flock of please things which I'm not

opposed can take off and land whenever they want. There are issues that have never been resolved about air deposition of spent aviation fuel coming from items, page your older jets, but the noise requirements or the noise effects, rather, are rather profound. I'm a light sleeper. I live within the flight path and I can hear them all the time. Although they are not as loud as an MD-80 they are a nuisance if they're going to be coming and going whenever they feel like it. The other issue is, who's going to pay for the leases for the businesses that are out there at the airport that are going to be displaced? I have every confidence in the airport director. In the airport staff, in resolving these issues. And once again I give you thanks, sir, for the admonition or the declaration of an error. Thank you, sir.

>> Mayor Reed: Patricia Benfield Jones.

>> I'm Patricia Benfield Jones, I've called your office, Mayor Reed, Councilmember Oliverio and Councilmember Liccardo. And I left a message with both of your office administrative staff. I live in the college park neighborhood and have lived there ten years. We bought our home and paid about \$700,000 for it. I love the neighborhood. When I lived there the noise level was something I wasn't prepared for. Now, homes in San José are difficult to find. To be able to live in. And I can appreciate everything all of you said. Councilmember Campos, you said you wanted communities that were safe, secure, Councilmember Oliverio, I'm sorry, you wanted environmentally safe neighborhoods. All of you mentioned these factors. I'm a pharmacist by trade. we have had he three or four animals die from health issues. When I put water out for feral cats which I personally don't care for but I don't want them to suffer, there's oil on top and gas. We close doors in the daytime because of gas emissions. Adding to this, by making another area airport, is going to make the quality of our lives worse. And I personally will be moving if this happens. I feel that I put myself at risk. And with the impact that we don't know what it's going to be, I can afford to move. But there are people in that area who can't. And I think you do need to seriously look at this question on a humane level. And think we may be making money in the short run but in the long run we won't be. We may be creating pockets around this airport that people will not be living in because it's not environmentally safe.

>> Mayor Reed: Sorry, your time is up. Next is Eric Boyce, followed by.

>> My name is Rick Boyce. I'm director of aviation instructor and services for net jets. We are in support of the RFP for secondary RP FPO through 10070 countries. San José in perspective is a top 10 airport for us. We do more departures and arrivals into some and San Francisco, make San José the number one airport for net jets in California. Next two slides show our operations at San José both in operations and fuel purchases and what you can take from this is that we have an ever increasing percentage of business that we're doing in the San José airport, making us one of the largest operators there. The impact of the merger that happened back in 2005 increased our cost exponentially, when they did away with the secondary FPO there. It went from \$1.75 over the cost of fuel up to \$3.75. The impact on our owners was about \$sen.4 million. If you look at that with the other fees and service charges that were implied also those numbers again went from roughly \$20,000 to \$30,000 a month up ward of \$90,000 per month. Only an agreement with san José did we see some relief from those numbers. From net jet's perspective we welcome competition. Our experience is that competition lowers cost and increases services. But that competition should be tempered by the ability of multiple FBOs to do business and effectively work there. And we also are in favor of its being privatized enterprise as opposed to city run operation. Thank you.

>> Mayor Reed: Eric Hitala, Tom Polter and Pat Saucedo.

>> Mr. Mayor, members of the council, I'm signature flight support is the world's largest FPO network and we are a B BA aviation group focused aviation companies a \$2 billion organization milkily traded on the London stock exchange. And it is our interest our long term interest to have a presence here at your airport. Specifically, signature operates 112 FBOs throughout the world. In 29 of the top 50 U.S. met strow locations we handle a million operations per year, dispense over 160 million gallons in jet fuel have 10 million square feet of hangar space and house approximately 10% of the world's business jets. In polling our customers they presence. We are prepared to make tens of millions of dollars in investment in your airport through new LEED certified facilities. And bring incremental jobs and revenue to your airport through our unparalleled network and network pricing programs. In the last five years we've had over \$100 million in construction projects and as a matter of fact, constructed the first LEED certified facility at SFO where we've operated for a number of years. And we'd be very

privileged to have a facility here and in San José. Thank you. Richard Tom Polter, Pat Saucedo and then Joan gal Lowe.

>> My name is Tom Polter, I've been an operator of an aircraft at San José for the last 38 years. I really didn't mean to get involved in the airport business. I was just wanted to place to park my plane and fly from. For the last ten years I've been involved in various committee functions with the airport commission and working trying to make both the GA part of the airport and the airport itself better. I came in part tonight to listen to the presentation so I can't comment on what they were about to say. I will comment on one statement that was made here about the fuel and so forth. You have in an instance here where lots of corporations in the local area have their planes somewhere else. They come in empty, load them out, go someplace, come back expected traffic by a factor of two for those people, cut down the noise and in a sense it would be good for everybody. Thank you.

>> Mayor Reed: Pat Saucedo Joan Gallo and I will say I've read all the staff reports and memos that have been written on this item today. Additionally airport revenue is needed to meet future debt service for our airport. Operations and payroll for the City's airport personnel will continue to grow going forward. After reading the staff reports and the memos the chamber feels that we can take a plan on paper approach over the next three years and hope that we can continue to service our revenue demands through 2018, or, we can leverage our staff resources and begin the process to hopefully secure the successful development and revenue generation of the west side of the airport property by adopting the recommendations contained in Mayor Reed and Councilmember Herrera, llicardo's memo. The airport long term safe, secure, community based fiscal resources for the airport, the city, and the Silicon Valley business community. We recommend you move forward with the RFP as recommended by the mayor's memo this afternoon. Thank you.

>> Mayor Reed: Joan galo I don't think she's here, Tim Murray, Robert harmson.

>> Good evening, mayor, members of the council my name is Tim Murray, I'm general manager of Atlantic aviation, at San José Mineta international airport economic development on the West side of the airport. I'm here today to carry that same message. Over the last several months we have heard from airport staff that San José

lacks competition when it comes to general aviation. That it was the lack of competition that is hurting GA business in San José. That is simply not true. Since Atlantic took over operations at San José we have received over \$60 million in new facilities including building a new terminal building at the urging of director Bill Sherry, we are well below capacity and are ready to handle any surge in FBO service demand that we may see. We can be aggressively a for base tenants our fuel prices are consistently in the market average for West Coast and always well below our sole provider competitor at San Francisco. Net jets an operator cited by staff as someone they want to attract is already an Atlantic aviation tenant at San José. In fact since we have took over we have grown the net jets business in San José from number 21 nationally to number seven taking significant volume away from San Francisco. We worked hard to grow the market here but the industry struggles national. Just as it does on the commercial side. Any decision to rush to build new FBO facilities will result in spreading the existing volume among three operators instead of two. This is not like the field of dreams. Just because you build it, jets -- more jets will not come. We do appreciate the mayor's latest proposal but we disagree that interest in an RFP demonstrates consumer demand. Rather it demonstrates that some may be willing to speculate in grabbing market share from current operators. That's bad for everyone. The focus should be on adding compatible uses on the West side that grow your revenue significantly beyond your current baseline. Uses that will add traffic and tax dollars. You can choose -- you can achieve that if you plan be accordingly.

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

>> Thank you.

>> Mayor Reed: Robert harmson, Kenneth Hayes.

>> Good afternoon, Mayor Reed and councilmembers. I have to say that I was very impressed with the Green Vision annual report, shows that you guys are doing a lot of good work. On a variety of issues. And I also say that Mayor Reed, you demonstrate a keen interest in the comments that people that come before you and I think that's a very good thing. Not easy to do after a long day. I understand from Kenneth Hayes who has signed a request to speak, that he would -- he's willing to transfer two minutes of his time to me, and I'm hoping the court --

>> Mayor Reed: Sorry.

>> Not done?

>> Mayor Reed: Kenneth is perfectly capable of using his two minutes for himself.

>> He definitely does. As you know cap was born 20 some odd years ago when citizens came to the city council complaining about environmental impacts at the airport and at that time the city council was very poorly informed about their authority to regulate those types of impact and would routinely recommend to citizens that they go and contact a individual by the name of Dick dyer at the state aeronautics boards and of course in dyer had no authority to address any of those issues. CAP understood provides their legislation was reasonable nondiscriminatory and not unduly burdensome on Interstate commerce master plan process cap urged a moderate growth scenario because we were concerned that projections analysis and estimates by the experts might lead to an unreliable result and that's exactly what's happened. And again, city, the community, recognized that and continues to support us. The 1984 curfew, noise control program, in the early 'we told the city that curfew may not be enforceable legally under federal law. The city just scoffed, laughed, no, it's totally enforceable. The City Attorney wrote us and assured us woo all know when Ellison filed the suit the city activated. Today we're here for a request for proposals but the secret is there's a actual project at the end of this process and the project is an FBO that will service and have a complete of corporate aircraft available for CEOs of the major corporations in the area and we believe those operation --

>> Mayor Reed: Your time is up.

>> Those operations will continue throughout the curfew, thank you.

>> Mayor Reed: Mr. Hayes, our last speaker.

>> Kenneth Hayes. Mr. Mayor, and members of the city council, my wife and I are outside the 65 CNEL level. But we're acutely aware of airport noise. And we're also acutely aware of the planes that leave before our 6:30 curfew. There are three that go out between 6:00 and 6:30 and they are very audible, with the knowledge of course that their decibel reading are at 89 or less as their signature indicates. And our concern is that there will be a large number of executive flights which also fall between the -- below the 89 decibel level, which could be taking off at all hours of the night, and there are no real acknowledgment of how many there will be, whether there will be 15 or 30 or 50. There may also be run-ups on site at the new development. And our concern is that there is going to be many, many nighttime intrusions. And I encourage you, if you haven't read the memorandum, sense by cap, dated yesterday, which outlines the problems that our neighborhood has, and outlines our concerns. Thank you.

>> Mayor Reed: That concludes the public testimony on this item. We have time for the staff presentation, I guess back to council discussion about how many we want to do today. We'll do the staff presentation either today or whenever we take this up, if we don't take it up today. Councilmember Liccardo.

>> Councilmember Liccardo: I guess my -- as I understand it, the recommendation from staff hasn't changed from the time of the supplemental to the time of the original memorandum, is that right Bill?

>> Bill Sherry: Between the supplemental and when?

>> Councilmember Liccardo: The earlier memorandum. That is it's the same recommendation?

>> Bill Sherry: No actually it isn't. In the supplemental it was different. The RFP approach first. The other, the initial memo had us doing work concurrently and now we are saying we cannot do it concurrently based on CEQA. We either have to choose development first or planning first.

>> Councilmember Liccardo: Okay, I understand.

>> Mayor Reed: I think we ought to get the staff presentation get it done, the council needs to hear this. Whether or not we want to take action today remains to be seen. It's 5:20. As I said if we can get this done before 6:00 and then have an hour for dinner and if the council wants to take action today or defer it and allow anybody else who didn't get nose show up and testify, decide then. I'd like to go ahead and do the staff presentation.

>> Bill Sherry: Okay, happy to do so mayor. Thank you for letting us give this presentation. Let me just start off by talking about why we're here. We have an opportunity, where we've got developable land for a long period of time, that land was occupied by our long term parking lot. But based on the outcome of the terminal area improvement program, we were able to relocate all our parking facilities in and around the terminal complex. And then once we did that, which that move in and of itself brought huge benefits in environmental benefits, cost reduction but it also opened up this property. Once the property became available for development, we could not ignore outside requests to develop that property. As noted, there is a challenge, though. The West side of the airport, the air field is currently configured for the smaller aircraft. It was configured 30, 40, 50 years ago. We have seen a pretty significant move from smaller aircraft to larger aircraft. So we have to fix this runway separation, taxi way separation problem and I'll get into this in greater detail. Just going a little bit into the background. I think I'm going to try to educate everyone, the council and the public, on industry terms. I apologize for the use of these terms. But we are going to have to use them in the RFP and in the planning process. First and foremost, let me talk about that there's four categories of aviation. The four categories consist of commercial, cargo, general aviation and military. Commercial, the best way to think of that is scheduled airline service. So the commercial operators operate in the terminals. Cargo, we have again, on the East Side, I think everybody is familiar with what a cargo aircraft is, it's nonpassengers based and it's basically hauling cargo. Military, while we do have some military operations we do not have any military based operations. General aviation account last of the four categories. And the best way to think of general aviation is, it's everything the other three categories are not. So if it's not in commercial, if it's not in military, if it's not in cargo then it's in general aviation. So it's general aviation can really be thought of as the catch all group. A lot of people think of general aviation as smaller aircraft like the one you see in the upper left of this slide. But it's really grown over the past couple decades, and now we have general aviation aircraft that are business jets, 737s, 777s and we even have a private 747 operations at the airport. Going to the next slide, I think it's important to note for the council, in terms of the airport budget, what this

general aviation mean to the airport so if we take a look at our fiscal FY 11 budget, that budget is roughly \$128 million. And general aviation accounts for roughly about 4%. And that's general aviation facilities and operations that are currently on the field today. It's also important to remember that the airport receives no General Fund and taxpayer support. So our ability to pay the debt service at the airport, pay the salaries, keep the lights on, is entirely dependent on the revenues that we drive. So it's important for us to focus, not only on cost containment but also in revenue enhancing areas. And that's one of the reasons we're here today. I think the council fully understands that the airport is a heavily regulated entity. The agency that oversees the airport operations is the federal aviation administration. What do they have to say about this? I think it basically falls in three general categories. The FAA would like to see airports open to all, that airports not grant exclusive rights, and that they establish minimum standards. And that's essentially what we're trying to do today with this action. So going in, and talking about, again, some industry termination, and this is kind of just more educational than anything else. You're going to hear the term FBO, the acronym FBO, and that stands for fixed base operator. I can't honestly tell you where that came from, it goes back decades but it is an industry term. An FBO by definition and the FAA sets these definitions, the best way to think of it is, if a plane or a flight crew needs service, an FBO provides it. They typically provide full service. Examples of that would be fueling services, pilot lounges, customer lounges, maintenance facilities, storage facilities, catering, avionics, training, upholstery, painting, charter services and the list goes on and on. We have one FBO on the airport and that's Atlantic aviation. The next definition is aSASO, as the acronym states, S ASO, which is specialized aeronautical service operator. What is that? SASO is essentially what the name implies. It's specialized. It doesn't do the full range of what an FBO would do. It's more limited. It may just do training. It may just do training, it may just do upholstery or avionics. It doesn't or what a FBO would offer. Then in general aviation you have noncommercial and private and at the airport we have HP that has its flight operation out there, we had have Intel. The plane you see on the bottom right-hand corner of this is the fry's 747. Those are private operations and those are just a few of the operations that can around do use our airport. So when we look at the land that we have available, and right now we have 44 acres of property available, staff had to kind of come up with a priority. What's the most important land uses and kind of rate them in terms of priority. Because a fixed base operator is open to the public, provides full range of services to the public, and these are public lands, we felt that that is probably the highest priority, it generates usually, typically the highest economic value for both the airport, as well as the city. It provides the most wide array of services to the

traveling public. Second to that would be a specialized or a SASO, again, that they provide services to the milk but on a limited basis and then finally third on priority would be the corporate or the private use. Now, taking a look at general aviation at San José, in fiscal 2011, as I noted before, we have \$128 million operating budget at the airport. Roughly about \$4.5 million came from aviation or general aviation services. Sales tax and property tax revenue to the city is on the order of magnitude of about \$2 million. So the airport is helping to support and our activities at the airport are helping to support General Fund activities. Away about the trends? As I've noticed before, our trends in the general aviation arena is really over the last three to four decades, has been an evolution from the smaller, one or two-seater single engine piston aircraft to today, where we're operating the much larger aircraft. That's kind of good news for us, because it puts fewer operations over our neighborhoods. Has less impacts. And also, the bigger planes usually drive bigger economic results. So let's talk about the current master plan. I think there's been some discussion about well, do we really have the authority to proceed with development at this point in time? The council proved the major master plan amendment in June of 2010. What that basically said is the council recognized that this land was going to become available and you shifted the land use from cargo over to general aviation. In the course of doing that major master plan amendment, we publicly available three months prior to the approval. Forecast reduction in GA operations, what we basically concluded after doing all the study for that major master plan amendment is that operations would actually go down. But the size of the aircraft would increase. We redesignates as I said before the entire right side of the airport from what was formerly cargo to general aviation. Cargo activities we concluded could and are and will stay on the East side of the airport. And the noise analysis showed a reduction in the noise contours and I'll get into that a little bit later and we fully mitigated all of those contours. We sometimes get criticized in terms of we don't do enough in terms of stakeholder outreach. And the airport in the course of the approval of this major master plan amendment really wanted to make sure that we did aggressive and assertive outreach. We had three general public meetings, including districts 3 and 6. We had general aviation community meetings. Two airport commission meetings. The airport land use committee met. The City of Santa Clara city council meeting, had a briefing, City of San José Planning Commission met and discussed the item, T&E discussed the item. CED discussed the item. City council approved it as I said June 2010 and the technical reports were posted on the Internet as early as mx of March 2010. Now I mentioned our noise contours after a lot of analysis are shrinking. This is a relatively simplified map, but I think it shows pretty well where we're headed. If you look at the red line, that red line was the 2005-6

approved master plan. And that is the 65 CNEL. And that's the line that kind of designates or is the baseline for noise impacts. Obviously as you get closer to the airport, you get into the 70 CNEL and then the 75 CNEL and those impacts get greater. But the FAA and federal law allow us to mitigate out to the 65 CNEL. It's interesting to note that the 97 master plan that noise contour was actually larger than where the red line is. And if you look at the areas that are highlighted in yellow, those are the areas that the airport, through a assistance of federal grants, spend \$160 million on and sound proofed over 2700 residential units. You may ask, well, what about the areas that aren't highlighted? Those areas are airport-compatible land uses that are either industrial or didn't need to be sound proofed. So we are fully mitigated out beyond the 65 CNEL which I would put the airport up against any airport in the nation for its aggressive sound proofing program. The new CNEL, 65 CNEL is the blue line. And that is what council approved in 2010. And what council recognized at that time is, shifting from cargo to general aviation, would actually shrink those noise contours. And the reason for that is, as I mentioned before, fewer operations, but bigger aircraft. And the bigger aircraft, and the corporate aircraft, tend to be the newer technology that is quieter technology. And that's the reason for that reduction. So now getting into where's our opportunity. If we look, this aerial is really kind of West is up, north is to the right. The bottom part of that aerial shows the East side of the airport. The East side is where the terminals are, and all of our parking facilities and airline support and cargo facilities are. If you look at the top part of the airport, that's the west side. The area highlighted in blue which encompasses the whole area is really all general aviation. And the area highlighted in red is the area where our former long term parking lot was located which consists of roughly 44 acres, and it's now available for development. So let's go through and kind of just take a snapshot of general aviation at San José. And I'm going to start at the far left end, or the south end of the airport and just work my way north. The first is our small aircraft what we call general aviation West. It is a SASO and we operate it, we being the City of San José. It consists of 46 hangars and 80 tie-downs. Its size is 10.3 acres. As I noted before the City of San José is the operator and in FY 11 it generated \$233,000 in rental. It's interesting to note before I move on. If you look in the center of the photograph here, you see runway 29. That runway is -- we have three runways. Two air carrier runways of 11,000 feet apiece. Runway 29 is our smallest GA runway. And the reason I point that out is, this area, general aviation West that's highlighted in blue on this slide, those are the aircraft that utilize that small runway. All of our aviation and general aviation operations tend to use the larger runways the jets and so forth. So really that runway is here for the purpose of this general aviation West facility. Moving north, we have AB base, AB base is a SASO so it's a

limited operation. It basically provides corporate hangars to its tenants along with fuels. It AB base, in FY11 it generated \$390,000 in revenue to the airport. Moving again to the north, we have ACM aviation. It, too, is a SASO. It pretty much is limited to corporate hangars, size 6.2 acres. It's operated by Atlantic aviation. Atlantic merged with ACM some years back and in FY 11 it generated \$397,000 in revenue to the airport. Again, moving further to the north, we have Hewlett Packard, HP. HP is a private operator so it does not provide services to the public. Its corporate hangar facility, size 7.1 acres, operated by Hewlett Packard and in FY 11 its 795,000 about 2% of the revenue that we get out of the 4% of general aviation activities. The remaining 2% is generated by Atlantic aviation, Atlantic is our only fixed base operator. In other words, it's the only operation that provides full services to the general public. It consists of 22.2 acres and in FY 11 it generated about \$2.3 million to the airport revenue. So now we've got the potential for this land that I mentioned before. If we look at this land, when it's fully developed, we -- staff estimates that airport revenue could be driven about \$5.4 million and General Fund revenue of an additional \$2.6 million and we estimate somewhere in the order of magnitude twin 225, 280 jobs. Now, obviously these economic impacts vary widely depending upon what kind of use we put in. So if we put in full fixed base operator that's providing full services, that's going to be a use that's going to generate higher economic returns and more jobs. If we put in a private operation or some other kind of operation, then those economic impacts could be less. So what's the RFP that we're talking about? Well basically what we're suggesting is to take currently 15.5 acres, on the -- almost to the northern end of the 44 acres, we think that the demand at least from away we've heard from interested parties is there. Competition I think whether you talk to the FAA or other airports, the right level of competition is usually good. It provides better services and better pricing. And the benefits of the new FBO, just this one operation could generate \$1.9 million in additional airport revenue and about \$1 million in additional General Fund revenue and it would create somewhere in the order of magnitude of 80 to 100 ongoing jobs and that doesn't include the construction jobs that would be generated based upon the development. The bottom line of all of this is, is we have all the approvals we need. The city council has approved this in the master plan. The land use. The FAA has approved our master plan. It's compliant with our EIR, it's compliant with CEQA and NEPA so there's nothing that could stop the city council, if it was your election to do so, to proceed with this development now. Now, we have to recognize the challenge. The challenge, the existing air field as I said before is really configured for smaller aircraft. The runway and taxi way separation on one runway and one taxi way is problematic and we have to fix that problem. And the taxi way clear

zone is not adequate. I will point out, though, that we have temporarily solved that problem. For the past about two years ago, runway 29 has been closed, and we are using that closed runway as an alternative to taxi way Victor. So this either to keep it or to close it, permanently. And then if that decision is to close it, we've got to fix taxi way Victor clearance. If the decision to keep it, then we've got to fix it as well. The reconfiguration options being evaluated basically fall in two areas. You can either move the taxi way to the West or you can move the taxi way to the East. So let me see if I can explain this to you. I'm going to try to do this verbally. Without a pointer. But if you focus in where it says runway 1129, that is the runway, the small general aviation runway that we're talking about. Just on top of that, or to the West of it, is you see taxi way Victor. The separation between runway 1129 and taxi way Victor and taxi way Victor and our tenants, that clearance isn't enough. So you basically have two options. The first option is, we can move taxi way Victor to the West, and if we do that, then that requires that we take property back through eminent domain from our tenants. And that, depending upon the tenant, could have a pretty serious impact. More serious as you move further South. And the one that is of most concern is AB base which is at the far end, where you see that taxi way turning, you can see that white line. That white line is the property that we would have to take back, we think. And you can see that it pretty much encroaches right into ABbase where that turn is being made. So it could almost render their facility non-functional. The other option is simply to close 1129, and move taxi way Victor to the East. And in doing that, you actually provide more property to all the tenants, and you don't disrupt any of them. 1129 has limited use, as I pointed out earlier. It's only used by the very, very small aircraft and the aircraft that are at the far southern end. Jets do not use that runway. They're prohibited from using that runway. That looks like an appealing option. But as I mentioned before, we right now have a temporary solution to the clearance problem, because we already have temporarily closed 1129 and are using it as taxi way 6th. So the council has two paths that you can go down. This was the point of the supplemental memo. You can do some of the planning processing first. And the pros for doing that, the air field would be fully resolved. The amount and the configuration of the land would be fully known and the resolution of the status of runway 29 would occur as fast as possible. The done this approach the new FBO would not be up and running for at least five years. Let me explain that five years. We estimate that it would probably take about three years through the planning process, and then two years to develop and lease the land for the FBO. And I will tell you, we've had a lot of debate on that three years. That is an optimistic projection on getting the planning done and all the environmental review done. The economic benefits to the city, and the revenue to

the airport, would be delayed for that period of time. The benefits to the GA consumers from competition would be delayed and the complexity of the issues could further be delayed by the development of the new FBO. The second option is to direct staff to move forward with the FBO development now and temporarily suspend the planning process. Again, that does not compromise airport safety, because we have a temporary solution to that safety problem. The pros of this propose, the economic benefits to the city, and the revenue to the airport, will happen sooner. The benefits to the GA consumer from competition will be accelerated and no need to change the existing airport master plan currently. The cons, the resolution of the GA status will be delayed one year . So what is the recommendation? As staff mulled this over and analyzed it, given the City's current economic plight and the airport's current economic plight we had to say that going with the development first seemed to be the most practical and prudent measure. I will tell that you two of my biggest concerns in making this recommendation was, number one, are we in any way, shape or form compromising safety? And I have come to the conclusion we are not. And number two, in any way, shape or form are we compromising the ultimate development of the airport? And the conclusion I reached there is, we are not. So we believe that we can proceed with the development now, without compromising safety or the ultimate development. It is consistent with the economic development strategy you approved in November. It is item 9.C, you instructed staff to pursue West side development. The city could be responsive about three years sooner. The earlier the revenue generation could be used to help the airport to retain critical city services, I want to be very clear on this point. We've got some very serious fiscal problems at the airport. And as you know, we temporarily solved the outsourcing of Police and Fire. But that issue is going to come back, and I'm going to show you in a few minutes that we are not meeting our forecast in terms of revenue projections at the airport. So we need every penny we can get in order to try to retain critical city services. The General Fund could benefit sooner. I was quite interested in your conversation about the Mayor's Budget Message, and what you'd like to see restored and General Fund services. This could be another million dollars sooner. The 15.8 acre parcel is already designated in the master plan and new full service FBO services could proceed without compromising FAA standards. Okay, there we go. I said I was going to discuss about the finances of the airport. If you -- as you know, the airport has taken a number of very painful cost-cutting measures over the past couple years. We've completed our development program. We've suffered through the recession of 2008. And we've been dealing with the phenomenon of the virgin effect up in San Francisco, where a lot of air service is being funneled up to that airport. Nonetheless, we felt that after the development program was

done, and after the recession bottomed out, that we should be able to see a modest 2% growth. And that's what that blue line across the top shows. And that's what we were forecasting in our budget that we would get that 2%. This is our current fiscal year, fiscal year 12. You can see the first month in July we did not make it. The next two months we came close. But every month since then, we've missed the mark. And looking at OAG, which is the potential airline guide and what the airlines are scheduling for out to June 2012, we're now suggesting that we're probably going to finish fiscal year 12 not up by 2% but rather down by 1.5%. And obviously, when your traffic is down, all of our revenue numbers are generated off of passenger traffic be it concessions, parking, airline activity and what have you. Minimum standards as part of this item, so let's just go through the minimum standards. I know a lot of the focus has been on the RFP itself. Staff recommends that the minimum standards be approved, regardless, even if the council decide to go with the planning first option. They're recommended by the FAA. Our current minimum standards are quite old and antiquated. They need to be updated which is a normal thing that airports do from time to time. The minimum standards do not preempt other policies and documents, including existing leases. And their extensive outreach that we've conducted with all minimum standards. It is important to note that they are uniformly applied to aviation tenants but only aeronautical service providers. The nonaeronaut call providers it does not apply to. It does not apply to airline and terminal concessions and it is not part of our rates and charges methodology that we charge to tenants. We were also asked to outline some of the key provisions of the RFP itself, if council directs us to move forward with the RFP. So just briefing you on some of the highlights. The recommendation is to, first, go out for 15.5 acres, to later be added by another five or six acres. The initial term would be 25-year term. But subject to the City's long term leasing policy and basically what that is is, the larger the capital investment, the longer the term in order to amortize that capital vex. The ground rent would be equal to existing leases and justifiable. The reason for that is the FAA requires us to be economically nondiscriminatory. We have to apply the same terms and conditions that we have to this FBO as we do to the existing FBO in accordance with our rate revolves autobecause we believe our current rate on fuel flowage is low. So we are currently studying that and will bring that back to the council through our rate resolution. Proposers can recommend other revenue sources above and beyond those normal charges that we charge aviation tenants. The minimum capital investment we think should be no less than 20 million and I think it would be probably significantly more. Letters of credit and bonds would be required to ensure the proposed facility's completed and operated as promised in the response to the RFP. We are recommending that the council

approve a two-year moratorium on any further development much additional FBOs or SASOs and the reason for that is let the FBO establish and get the tenants that it needs. Minimum experience requirements would be included in the RFP and authority for the administration to negotiate with the second or third proposers if necessary. Now, this is an important point. In some of our agreements on the West Side we have curfew language. The last guidance regarding curfew language that I received from the city council is when we brought the airline agreement in. And what the direction of the council was at that time was remove all references to the curfew in the airline agreement. Obviously the agreement specifies that the agreement holder must be compliant with all the local rules and regulations but given that that was the last direction I received from council that's what we're anticipating moving forward with, with this RFP. But I do need to point out that some of our existing tenants right now have me, too language in there. So if we put that this -- if we do not incorporate curfew language in this new contract that would also apply to other west side tenants. So that's something you might want to have some more dialogue about. The RFP selection criteria would be basically on financial capacity. Capital investment and quality of the proposed development. Ability of the proposal to foster fair competition on the air field. The capability of the proposal to meet the needs of Silicon Valley businesses. And the benefit to the local economy. And with that, we stand ready to answer any questions you got, mayor.

>> Mayor Reed: Thank you. Well, let's see if council has some questions for the staff before we get into a discussion about what we'd do next. Councilmember Kalra.

>> Councilmember Kalra: Thank you. Thanks for the report. There was a --

>> Mayor Reed: I'm sorry Councilmember Kalra let me just --

>> Councilmember Kalra: Question, I'll defer to you as to how you want to proceed.

>> Mayor Reed: I just want to let people know that the housing authority item we are not going to take up until after dinner and staff has already gone. We will take up the open forum this afternoon before we break for dinner and so this is really all we have left except open forum. Sorry.

>> Councilmember Kalra: I'll wait to see how the council wants to proceed before any further comment. I had a question, one of the speakers showed the cost, driven up when there was a consolidation of the FBOs and when Atlantic came in and showed costs go down. Do you have any comment on that claim, that additional FBOs would drive the cost down, as opposed to the argument that there's not enough demand for the increased capacity at this time?

>> Bill Sherry: Councilmember, you know, that's good question. I think it's the \$99 question. I've heard a lot of comment that we have high prices on the air field. We've never -- and I think it should be noted we've never gotten negative comments on the quality of services. So on that score I think we're pretty good. Atlantic provides excellent facilities, excellent services. The question is really the pricing. And there are a lot who believe that competition would improve that pricing. I think when we evaluated it, we've seen evidence where that might have occurred. And we've also seen evidence where it doesn't necessarily occur. So I think my best counsel to you in formulating this decision is the major motivation for me is keeping the airport open to all users, and if there's interested parties, they should be allowed to come in. Competition's not a bad thing. Usually drives better services, better prices. But the real motivation for us is the revenue, and the economic impacts on the General Fund and the airport. If we happen to get better pricing out at the airport, great. But I don't know that I would rely on that.

>> Councilmember Kalra: Well, it's not necessarily the better pricing. It even seems right no in answering the question and the presentation reflects it is there are a lot of uncertainties. My question going forward, you know, the recommended, with your recommendation to go forward with the RFP approach rather than a planning-first approach is are we running the risk of putting into place a long term solution when we don't have all the facts as to what the result will be? You know, the lease is going to be a generation, a 25-year lease on an FBO for a portion of the property there and my concern is we don't have all the facts or know for certain what the end result is going to be. And I absolutely appreciate the need to generate revenue in the short term. I just think that we should be very cautious, wouldn't you agree, that the cautiousness of approaching long term planning which -- to deal with short term issues although we know that constant revenue is always going to be an issue for the airport. But I

don't know what your thoughts are for that, kind of the sentiment seems to be we need to get this planning in as soon as possible. Which nobody can disagree with. But if it's not right -- if it's not based on good planning principles it makes it difficult to jump all in.

>> Bill Sherry: My response to that councilmember is if I thought for a moment that we were compromising the long term development or safety at this airport, then I wouldn't be making this recommendation to you. We've come to the conclusion that this development first off is already an approved use and that it can be developed in a very high quality setting currently and depending upon what ultimately happens to the air field, that development can be adjusted. And let me explain how. On this slide, you see that the future FBO, and so if it were designed, permitted, built and operational, we know that we've got to give roughly somewhere in the neighborhood of another five or six acres to the FBO. But that additional land is only in tarmac. They are not going to be building buildings on it. They're going to be parking airplanes on it. So the question is, where does that additional six acres, plus or minus, go? And in this case, this layout assumes that the 1129 runway stays. And that's the ultimate decision. Well then, what we would do is, we would give the FBO the additional property just to the South. Converse, if 1129 were to close, and we were -- we picked up additional property, then we could give the additional property where the tarmac would go to the East. In either case, the original developable area can be developed with hangars and office buildings and customer lounges and so forth, really, it doesn't matter which way that ultimate tarmac goes. So based upon that, we think that the development can happen today. It can start generating the economic advantages to the airport, the General Fund, and also, generate new jobs which right now, from an economic perspective I think is a compelling case.

>> Councilmember Kalra: I think we need all those things. Is there a reason why it looks like that that's the full kind of long term parking lot that used to be there, is there a reason why the contemplation is for the future FBO to be in that particular location?

>> Bill Sherry: Yes, we particularly picked that for a number of reasons. The first is we think it's good to have separation between competitors. So if we're going to put in private facilities or SASOs or something like that, they can go in between Atlantic and this site. Additionally it was thought to be the best site in terms of aircraft

movement. We tend -- typically land to the north so as an aircraft pulls off it would pull directly into that site. And it gives us maximum ability to lease to other tenants both to the north and to the South and it's kind of free tapping.

>> Councilmember Kalra: Isn't that -- it seems in the middle there, wouldn't there be greater flexibility if you had a larger undeveloped portion of land so that essentially the future FBO was closer to currently developed FBOs? Why I don't know, what difference does it make commercial side they're all over each other so you know I don't know just frankly speaking from a GA perspective if that makes any difference some from future planning of the land you are kind of cutting into the middle of it and that would limit flexibility in the development plan.

>> Bill Sherry: Are you familiar with the story about the Hatfields and the McCoys? If you had 400 airport directors, 400 would tell you try to get as much separation between competitors. It is a fearsly competitive environment and separation is a good thing.

>> Councilmember Kalra: Why? What is the close promote, away does it do in operations in a competitive -- I'm just curious as to why that makes a difference. They're not going to pull out shotguns like the Hat Fields and McCoys I would hope not. Honest I'm not familiar with the industry enough to know why it's relevant for that separation.

>> Bill Sherry: There can be considerable tactics used by either side that try to gain a tactical advantage over a competitor. And the closer they are usually the higher the blood pressure. It's just -- it's a good thing to have that separation and we don't think ultimately that it precludes us because when you look at private development, that - if you looked at our other developments they are all in the five, six acre kind of and we can divvy the land that's in there quite nicely. And we have a number of ideas as to how that land can be utilized. I don't think that's a compromise and quite frankly, even if it wasn't for the issue with the taxi way and the runway I would still recommend that site because of the reasons I've previously stated.

>> Councilmember Kalra: Okay, well thank you and I'll reserve further comments and my thoughts on going forward. I think that we should come back another day for the final decision because as Councilmember Liccardo

indicated, we don't know who doesn't know, who didn't get the word and we're getting the full presentation today so we don't have to redo that. I think just to be on the safe side and if there's any further information that the airport director or others can give us it just gives us more time for that but I just think in an abundance of caution as suggested by the airport director any final decision that we come back before making a decision, I think that a decision as big as this a couple weeks or a month even won't -- won't have a dramatic impact and it will also allow some of our other colleagues who are hill to speak to or listen to or speak othis important issue, thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you mayor. I'd like to make a motion to continue it and go back to rules to see when it comes back on the council agenda.

>> Mayor Reed: We can pick a week.

>> Councilmember Oliverio: Second week would be easter week would be my hesitancy. Just throwing it out there. Three weeks.

>> Mayor Reed: What's the meeting schedule look like City Clerk?

>> Dennis Hawkins: Two weeks would be April 3rd. I think that's the week before the Easter holiday.

>> Councilmember Oliverio: A lot of people take off. If we're doing this because of who we didn't possibly notify and then you do it on the spring vacation week I just throw it out.

>> Dennis Hawkins: I believe a lot of schools are on vacation the week following Easter not the week before. A mixed bag.

>> Councilmember Oliverio: A school board member would know. Have it come back in a reasonable amount of time not extend it forever but come back. I don't know if I'm ready to pick that date so --

>> Mayor Reed: I think it's better for people who want to know who didn't get the hearing who didn't get notice today it's better to set the date today, so that they know those who are watching would know, Councilmember Liccardo.

>> Councilmember Liccardo: I'd want to set a date today, we'll be communicating with a lot of the members of the community.

>> Mayor Reed: It's easier for them to know, it's such and such a day. If we go to rules, we wouldn't Fay it up for a while.

>> Councilmember Oliverio: Take it up tomorrow? Don't-d go ahead.

>> Dennis Hawkins: Mr. Mayor.

>> Mayor Reed: I'm sorry, City Clerk.

>> Dennis Hawkins: We have the April 3rd agenda that's on the Rules agenda tomorrow, if that's on consideration, that could be on the draft agenda the committee reviews tomorrow.

>> Mayor Reed: If we're going to do April 3rd, let's just say that now so people will know.

>> Councilmember Oliverio: Well, it's consensus that it go to April 3rd.

>> Councilmember Rocha: Consensus of those speaking.

>> Councilmember Oliverio: Councilmember Rocha.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: If there's a timing interest and we need to go then let's go. If not, let's go to the 17th of April. Again, if -- again if there's a time interest from staff and this council then so be it. Go with it.

>> Councilmember Constant: Any reason we can't do a week?

>> Mayor Reed: Mr. Sherry is going to be gone next week. He's kind of a key player. We're trying to get this done in a time that fits all these schedules and also trying to get it back to the ad hoc committee, at least that's the idea for another public airing of the RFP. So if we do that we need to just build that into schedule so we can meet that schedule. So I think April 3rd is the best time to hear it. It adds to week in there but -- okay. So Councilmember Oliverio, I think you have the motion. You want to restate --

>> Councilmember Oliverio: Let's do April 3rd and if we have the conversation at Rules and it decides to move based on external factors other than us speaking now.

>> Mayor Reed: That's the motion, we have a second. Councilmember Constant?

>> Councilmember Constant: Sure.

>> Mayor Reed: Okay, the motion is to continue the hearing until April 3rd. On the motion? All in favor? Opposed? Hey, we got the six. So that will be continued to April 3rd. We're going to have open forum before we break for dinner and then the housing authority matter will be immediately after the ceremonials tonight. So on the open forum. Please come on down when I call your name Angelica. Robert Mulcron, David Wall. Come on down.

>> Really I have to admire you. Because what an endurance. I think an issue like that, should be put in writing. But I am here because I'd like to ask you, well, first I have to say that I feel sat, because of the budget that the city have. But there is no way, reason to be so dishonest. The guys that effective the tickets there is no -- I am here for two reasons. There is no sign, that is 165 feet, to sign, I also got a ticket for these two reasons, one because of that. I should be something visible. And the other one, I really don't have the money. I am on Social Security, and it's a long story, and I would like to have disregard this ticket and put assign. Because this is I understand the budget but that is not reason to be dishonest. So I'd like to see this issue. I talk to Mr. Jim Trotter and he said he investigated, it is valid. No, it is not. There is no sign. There are six places where a sign can be put in. And he's very rude, very disrespectful. And sarcastic. Because he said, I can not put a sign in each door. So I'd like you to see this and plea disregard this. I have pictures. Everything, so that's my issue.

>> Mayor Reed: Okay. Thank you.

>> Does she give that information to the City Clerk?

>> Mayor Reed: If she can give that information to the City Clerk she can have our staff look at it. I think she already submitted it. If not that's -- Robert Mulcrone and David Wall.

>> Thank you. Dear members. I thank you for giving me the time this morning to speak with you all. Or this evening. I understand this city is not to mention the state, country and even the whole world are faced with many problems at this present time. While always trying to take the time myself, to make myself aware of them, I feel there isn't much I can do about most of them. However, there is something which compels me to speak here today, that I have great care and love for, and that is important enough for me even to gain the courage to speak here today and that I feel I can do something about and of course not entirely without your help and support. While I also understand that we are all faced with financial troubles, well, maybe not you personally, but as a whole, I am compelled to bring to your attention a particular group of people that, through no fault of their own are losing financial support. The banks by their own greed got themselves into trouble and us, homeowners too, by not fully understanding the terms of their mortgages, got themselves into trouble. And us too. But the

people I'm speaking on behalf of through no fault of their own, and who can't afford a professional lobbyists like Patton Boggs who happens to be the city's own lobbyist in Washington and unfortunately cannot speak here for themselves and while things may turn out good for the banks and homeowners in the end they have hope these people don't or won't without your help. I'm talking to you today about the mentally disabled at a time when even our military and schoolchildren are becoming seriously mental because they cannot handle life quote unquote we are cutting back funding for the social programs they need. Are we all losing our sanity? I apologize if I offended you I will stop right here. Thank you for your time. And once again, God bless you.

>> Mayor Reed: David Wall.

>> There comes a time, Mr. Mayor, I got to tell you. I'm always trying to help you and all the councilmembers. But I'm operating on the fact that you had the same level of detail and knowledge that I do with reference to the reclaimed water project, or water pollution control, in toto. Now, when administrative errors or anomalies occur, it is my opinion that if it was under my command it was never permitted to be in the first place. You have a total collapse of coherent management at the environmental services department. You have a letter from the Cupertino sanitary district which is the most outstanding and amazing letter I have ever seen since I've attended the treatment plant advisory committee since 1992. This is the most profound letter with even the most profound ramifications, for it will force the changing of the funding of reclaimed water, the advanced water treatment and a whole host of other things that derive from the sewer service and use charge. When personnel changes from the office of City Manager come into ESD without any knowledge whatsoever how to run a water pollution control plant, especially the capital improvement budgets and that capital improvement budget has it settling ring stewing on a pot has time constraints to when it has to be returned, Mr. Mayor none of this would occur under my command and that's why I don't understand why you allow it. And this administrator that just put in their request to quit the city services how do they get a conference trip paid to South Carolina on the city's dime? Put a stop to that immediately and remove that deputy director from service forthwith. Thank you.

>> Mayor Reed: That concludes the open forum. We're going to recess until 7:00 p.m. and conclude the remainder of the agenda with the housing item added at the beginning.

[RECESS]

>> Mayor Reed: Good evening, want to get the San José city council back into session. I think we have a quorum. We have to get people gathered so we can get started. Didn't quite finish the afternoon agenda. We will take the three ceremonial items first and then we're going to finish the afternoon agenda which consists of one item regarding the housing authority and then we will take the evening agenda which has a couple of land just items on it. So I would like to start with the first ceremonial items, invite Councilmember Campos and girl scout troupe 61524 to join me to the podium. Tonight we're recognizing the week of March 11-17 in commemoration of the 100th anniversary of the girl scouts of North America. Councilmember Campos has some of the details.

>> Councilmember Campos: Thank you, mayor. This evening I ask you to join me in celebrating 100 years of fun friendship and skill building and power of girls together please join me in a round of applause of recognizing the girl scouts of America for 100 years of success and women empowerment in the United States and around the world [applause]

>> Councilmember Campos: The girl scouts are not only known for their amazing cookies but also known as the largest organization of girls in the world. The girl scout mission is to build young women of courage confident and character and to make their community a better place and a world of positive progression. Through activities in science and technology, business and economic literacy and outdoor and environmental awareness, girl scouting provides girls with opportunities for fun and friendship while fostering the development of leadership skills and self confidence. Since the first meeting, on March 12th, 1912, in Savannah, Georgia, more than 50 million girls have participated in girl scouts and that numbers continues to grow. Today there are currently 47,000 girl, girl scouts and 32,000 adult members in Northern California, and 3.2 million members throughout the nation. It is without question that the girl scouts produce strong, young, progressive leaders to go on in life to become successful in any career path they choose. 69% of current women in the United States senate and 65% of women in the House of Representatives were girl scouts. 55% of all women astronauts are former girl scouts and have flown in over one-third of all space shuttle missions. An estimated 80% of women business executives and business owners are girl scouts too a sense of compassion and honesty that teaches young women the values of respect and leadership. I congratulate the girl scouts and I wish them another 100 years of success. And now, I invite mayor

Chuck Reed to present this commendation to troupe 61524 for their dedication. and we'll wait for them to come down as well. So let's give them a round of applause. [applause]

>> Mayor Reed: I'd like to invite Councilmember Constant and Lynbrook future high school future business leader of America. Councilmember Constant has the details.

>> Councilmember Constant: Thank you mayor i'm very proud to have some of my students from Lynbrook high school with me today. With me are Nina Cammath Alice Pang and Sarah Channing they have been involved in the group at Lynbrook. Future business leaders of America. Have 180 members. Remit they had a partnering with a business as a project. It is a way for the FBLA chapters to benefit the community lynbrook's project was empowered by energy and involved a partnership with Chevron energy solutions. opportunities, and was separated into three phases, think energy, talk energy, and transform energy. For the talk energy portion the FLBA created a tool kit with career education to community college. They did over 1,000 -- or they did presentations to over 1,000 students and educators in the Bay Area and Nina is going to share a few more details right after the mayor presents the commendation to her.

>> Thank, Councilmember Constant. This projects empowered by energy was a project with SBLA, 58 professionals through the project, students developed a cool with it that involved a hand made story book for elementary schools. Presentations for high schools, middle schools and community colleges, as well as fact sheets and government letters that were spread throughout the community. Overall we were able to impact 2,000 people in our community including students and educators. Thank you. [applause]

>> Mayor Reed: Now, Councilmember Liccardo will join me along with coach Mike Vanda an Bellarmine college preparatory basketball. There they all are. Today we are cam varsity football with honorable mentions. Councilmember Liccardo has the details .

>> Councilmember Liccardo: Thank you very much mayor. I'm joined by councilmember Pierluigi Oliverio, who proudly represents district 6 which is the home of California's oldest secondary school and we are certainly proud

in San José of all the great success that Bellarmine students have on the classroom and on the playing field and in life. But today we've got a unique honor because this is a championship team you see lined up behind me. Several of the seniors on this team have experienced three West Catholic athletic league championships three two state championships. Most recently this year, where they faced, after sweeping through all the championships in the league, and were never one-ranked team they faced a team that was ranked in the top 10 in the country Santa Margarita in what has been described as the most mental the not one of the most touched I believe in the final seconds and unfortunately there was one more touched scored in the final seconds as well by Santa Margarita but this was an exceptional team who has had an incredible run and we wanted to thank Coach Mike Janda, his coping staff John Amaraes, coach Mike Henry is also here, the thank you gentlemen for your leadership and thanks and congratulations to the young men add Bellarmine college prep and I'd like to thank Coach Vanda for this commendation. [applause]

>> On behalf of the players, and coaches, that are here today, I would like to thank the city council for this very generous commendation. We are fortunate to that went beyond just an everyday situation. They knew how to combine intense preparation, with genuine love of the game. The awards of league and section championships are great. But the reward that our players will take in this year will be the lifelong friendships and memories that they made working side by side with their teammates. Again I thank the city council for taking time out of their busy schedule to salute these wonderful student athletes, thank you.

>> Councilmember Liccardo: Now I'm hoping that we have a camera wide enough here. Can you actually get us all in? It's a little harder than with the girl scouts, I know.

>> Mayor Reed: First item we're going to take up is a San José housing authority item. From this afternoon's agenda. We'll call the housing authority meeting to order. Leslye Corsiglia has a staff report.

>> Leslye Corsiglia: Thank you, mayor. I'm trying to get the presentation up for you right now. Leslye Corsiglia, director of housing. The council doesn't often act as the housing authority of the City of San José. But that is one of the roles that the council has. I just want to go through a little bit of history, and I don't have the -- I want to go

through a little bit of history of what the housing authority is and kind of what our role is with it, and then what we're talking about to -- with you today is the moving to work plan. And I'll explain what that is. All right. So the council originally the city managed the San José housing authority and in 1976 the council made a decision at that time to no longer manage the housing authority itself and contracted with the Santa Clara housing authority. At that time Santa Clara had a very small housing authority and took over what was a very large San José housing authority. The contract that was entered into at that point was a ten year contract that automatically renewed unless the city council took action to the contrary. So it did renew once, and in 1996, a decision was made not to let that contract renew. But instead to amend that contract, and to change it so that it had a one-year term. So we now have been operating under that 1996 contract where we have a one-year term that's automatically renewed but at any point either the housing authority of Santa Clara County or the San José housing authority can choose to terminate that contract. One of the important pieces of that new contract was that it included a requirement that the housing authority consult the City of San José when any major policy item is considered. And the next thing that's important is that in 2007, the San José and Santa Clara County housing authorities were named moving to work jurisdictions. So at that point a moving to work jurisdiction has certain flexibilities that the old housing authority didn't have. I'll explain that here. So MTW, I'm going to call it MTW is a demonstration program, only 33 housing authorities nationally have this designation out of over 3,000 agencies. It provides the housing authority with more flexibility than other regular housing authorities have and asks them to meet three statutory objectives. To reduce cost and achieve greater cost effectiveness in expenditure of federal funds. To give incentive to work or participate in job training or educational programs, or other programs that would help them become self sufficient and to increase housing choices for low income families. The housing authority over the last three years since they've had this designation has taken many actions to reduce their cost. They've reduced the number of inspections that are required on housing authority units. They've reduced the number of times that they recertify income which is check tenant income. They've also expanded some tenant services at properties they own. Although this is an area we think they need to focus more. We also have some concerns about actions that have taken and how they have met the third statutory objective which is increasing housing choice. In the past, the council has looked at the MTW plan which they look at annually, and made recommendations for changes. One of them has been a request to have vouchers for the homeless. The housing authority did include vouchers for the homeless over the last couple of years of the MTW plan but did not do last

year citing budget concerns. The council also made several other requests. There was a request that the housing authority report quarterly on progress with homeless vouchers. We have not received those reports. The council also asked for a competitive allocation of project-based vouchers which are vouchers that are tied to specific projects as opposed to where tenants are allowed to use those in the community where they have a choice of where they want to live. And we've asked to have participation of housing department staff in making those decisions. Those are also things that this past year they decided not to accept. In this plan, there are a number of things that we would like to ask them -- ask the housing authority to do. So we're asking for them to revise their plan. One is that originally the plan did not include a set-aside. Again, the second year for vouchers. And we had recommended in our council memo that we set aside one-third of turnover vouchers for the chronically homeless. Since that time, that housing authority has come forward and said that they will set aside 30% of their vouchers with a cap at 100. And for a one-year period only. We continue to recommend that one-third of the vouchers be set aside. They are projecting 408 vouchers that would be turned over this year, so it would be closer to 135 units or so, not the 100-unit cap. We have asked that the housing authority use the federal definition of chronically homeless, they are willing to talk to us about that so we will be discussing that and I think we'll be able to reach agreement on how they use that definition. We're supportive of their proposal for a graduated payment assistance program and as explained in the memo, it's a positive change which eliminates a disincentive for residents who make more money. Right now, the current rent structure does not -- it requires that that people pay more if they make more money and what we don't want -- we would like people to start becoming more self sufficient start making more money so they can move out of the program. And this right now is a disincentive not to get a better job or get a raise. We want to make sure however that this does not result in large increases for current voucher holders who are on fixed incomes. Also, we are -- one of probably our biggest concerns other than the homeless vouchers is the way that the plan would award project based vouchers. And again, those are vouchers that are tied to specific housing developments. The housing authority is suggesting that, or is recommending that they project-base several of their own developments where 100% of the units would be project-based vouchers. And we believe this to be a problem for a number of reasons. One, it oversubsidizes projects. These projects are already affordable projects. It also reduces the number of units available to lower-income households because now a unit will have two subsidies, both the original subsidy it had and the project-based voucher. It also eliminates tenant choice, because tenants now are -- must live in 100% affordable project

as opposed to throughout the community. .and in our view it recreates public housing and is a different direction from the federal directive in regards to mixed housing that the city finances, we finance what would be called mixed income housing. We have units that are extremely low income, that are low income, that are very low income, and that may be above low income. Project based vouchers, the typical tenant that's served by the project based voucher makes 15% of median income. So what this is is, it's a situation where we will have projects that have 100% of the tenants who make approximately 15% of median income, and in that setting we believe is more akin to public housing. So we are recommending, instead, that the project-based vouchers be competitively allocated, that they be particularly used in new development which help fill financing holes and can make new developments go forward, and that there be a limit to the number of project based vouchers that are allocated to specific projects. We have asked the housing authority for some information about voucher turnover and for clarifications for other parts of the plan but we've not yet received a response to all of our questions. There is a public hearing tomorrow where we will be -- where staff will be relating the council's direction and we may receive more answers to our questions but we don't have them as of today. On the 9th the housing authority board is approving the MTW plan. And we will also be at that meeting. One of the things I did want to mention to you, and in closing, is that because of the MTW designation that the county now has, that the housing authority now has, the current contract that we have from 1996 is no longer really current. So what we have negotiated or started negotiations with the housing authority over changing that contract, I think we need to make sure that we have stronger requirements for listening to what the City's priorities are and to working with the city as we move forward with future plans, and that that's an important piece of a new agreement. So we do expect to be coming back to council in a short order to be able to discuss that relationship as well. And I would -- I also -- I do have comments from EHC that I will submit for the record and I do know there are a few people who are here to speak, as well but I'm here for questions.

>> Mayor Reed: All right, do I have some requests from the public to speak. Councilmember Liccardo, you'll wait, okay we'll take the public testimony first and any comments that you received will be part of the record. When I call your name please come on down so you're close to the front. Jennie Nicklaus, Jennifer loving, Julia Burke Head.

>> Leslye Corsiglia: I'm submitting Jennie Nicklaus's comments so I'll take technical to the clerk.

>> Jen, Julia.

>> Because of you housing a thousand has make leveraged over 330 new units of housing for chronically homeless folks. And today we're asking once again for your leadership and help in ledging additional section 8 vouchers for permanent housing saves money. We know that ending chronic homelessness improves lives. We go from mixed, acute care to targeted preventative treatment that saves not only the cost to the person but also to our community. We were very happy to hear that the housing authority announced their intent to amend their moving to work plan to include 100 vouchers but 100 vouchers isn't a third of the turnover. And that's why today I'm asking council not to approve the moving to work plan. I'm asking that you would ask them to bring it back to you with the amendments that you have requested and that the community has requested in part, one-third of the turnover for chronic homelessness. I also wanted to voice a concern. The current moving to work plan states the intent to use the remaining vouchers for turnover to project base their own units and that's confusing to me because those units are already subsidized. So we're not getting more subsidies out of that transaction we're perhaps more deeply subsidizing more units where people are already living and paying the rents that are affordable to them. So I'm not sure who's benefiting from that transaction. Lastly I'd like to thank you for your leadership and want to thank Leslie and Jackie for working with us in an effort for more transparency with the housing authority. Thank you for your time.

>> (saying name).

>> Hi I'm Jen packagette for Julia pushinghead oops the executive director of this is housing 1,000 project. As the data providers for the homeless programs in the county we know that the last set aside of the 100 vouchers for chronically homeless works. The project and our case management providers was successful . The last report shows that the 2010 program had a 99% retention rate. We applaud the housing authority's willingness to set aside what amounts to another 100 or so vouchers but also hope the city will ask the housing authority to honor a real commitment of a 30% turnover in vouchers until all chronically homeless person in this county is house pend

this makes sense and is if right thing to do thank you for your support and leadership in ending homelessness for our county.

>> Key Lee, and David Wall.

>> Good evening, my name is Key Lee, I'm housing department staff and I urge the city council to reject the housing authority's proposed fiscal 13 moving to work plan until it is amended to allocate 30% of all voucher turnover to HUD defined chronically homeless men and women. I do not make this recommendation lightly. And it is not made simply because the housing authority wants to limit the turnover allocation to 100 units in calendar year 12. I make this recommendation because the housing authority must be more transparent and responsive to the council and to the community. As letting elected leaders you are accept them. If if rationale is clear and the debate is open. The housing authority has provided inadequate and cursory explanations for its choices. My understanding is that the MTW program does not provide the housing authority with additional funds. MTW allows the housing authority to combine its traditional funding sources and to use those more freely. At its core the MTW plan is the housing authority's proposed plan for the upcoming fiscal year. Therefore, it is difficult to doom the recommendations suggest by the community, and your staff yet after reading the draft plan and your housing department's recommendations it appears that the housing authority is choosing to redirect a significant portion of its funding, funding that could be used for many purposes inclusion vouchers for the chronically homeless into project based vouchers. On page 30 of the draft plan it states that the housing authority anticipates entering into 600 project based vouchers for housing authority owned or affiliated properties without competition. I am not sure if this is a good idea or not. I cannot tell from the draft plan how much funding is needed. I have not participated in any conversations nor have I -- they explained to me why they are making these choices. It may be acceptable for them not to explain it to me but it is not acceptable for them not to explain it to you. I urge the city council to reject the MTW plan until it is clear on how and why the housing authority has made its choices and why it refuses to implement the collective choices of the city council. Thank you.

>> Mayor Reed: David Wall.

>> I would like first to recognize and thank the passion of our housing department director. If all of our directors in this city were as passionate and as articulate we would be better off. The same goes for Councilmember Liccardo, for his passion in this arena. We differ. And this is what I'm going to talk about. The housing department or housing entitlements have grown to what they have become. This is an intractable solution -- or problem. There are no solutions for this, outside of a federal creation of a works projects administrative type program and a forced diaspora or depopulation of cities with populations that cannot afford to live where they're living. The only people that really benefit from these housing department type issues are basically special interest groups that have just been speaking before me, commercial enterprises, property owners that will feast off these section 8 vouchers. Corrupt property owners that will use section 8 vouchers to depress real estate values around other properties under the guidelines of inclusionary housing. This cannot continue. You simply do not have the revenues to sustain this. And then it becomes an act of vote-buying and compassion preying upon the weak and the disenfranchised. With no real solution. I do not support anything to do with this at all. There's too much corruption involved especially in monitoring the money and thank you very much.

>> Mayor Reed: That concludes the public testimony. Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. I wanted to thank the speakers for coming and sitting through a very long afternoon, to be here. And I want to particularly note the appearance of Ki Li who is a director of a very significant program over at the county who has been in great assistance and partnerships with the county and county being fully aligned with the city on this very important issue and let's face it we have enough issues where we're not aligned with the county on but we're clearly aligned with the county on this one. It is clear to distinguish the county from the county housing authority, obviously different entities. I wanted to take a lead from the suggestions of the speakers and first make a motion and perhaps ask a few questions but make a motion to approve the staff recommendation with the condition that we approve the moving to work program only if the county agrees to the staff recommendations, number one. Number five, and number six. And if there's no agreement on those issues that we return to council with an alternative plan for City of San José's housing authority. Thank you.

>> Mayor Reed: All right we have a motion on the floor. Do you want to speak to your motion, Councilmember Liccardo?

>> Councilmember Liccardo: Yes, I guess I wanted to first ask Leslye a question about the ability of the housing vouchers promising people if they were going to get a job, and be employed, they would get in turn permanent housing of some kind. And I was quite surprised to learn that several folks had been out there for many months still living in the creek even though they had been working in the program because they didn't have vouchers. Could you explain sort of what's happening there?

>> Leslye Corsiglia: Sure. One of the things that we had hoped when we had set up that program which is one of the pilot projects that we had for cleaning up the creeks, and also, helping the homeless, one of the things we had hoped is, we would have those vouchers, that we did not get last year. In the meantime, the county has approved 100 vouchers and the city has gone forward and approved additional vouchers. So it may be that those vouchers can be used for that purpose. The other potential and something that we're working on, we have a project that we're working on with the downtown streets team on round table drive where they may have up to 12 units that would be available for the homeless. As well as the project we're working on with EHC that will have closer to 20 units that may be available. So I think there are opportunities and I think the reason why we haven't had them now is because we've had to spend this year creating those opportunities whereas we had anticipated last year we would have vouchers.

>> Councilmember Liccardo: Well, I'm encouraged that we have got imminent opportunities and hope we can get those focus out of the creeks quickly. I'm concerned that the federal mandate is really predicated on the notion that we're going to be using these federal suction disin the increasingly cost-effective manner according to the terms of the program. And yet, we've got a county housing authority that believes it's a higher priority to overly subsidize projects that would inure to the administrative costs of the housing authority but do very little to expand our capacity to be able to house people and it's coming at a cost that I think is very substantial and we see that cost every day when we walk thrust through the streets of the downtown and many of our streets where we see so many homeless. So I think it's really imperative that we push hard on that and that we fully explore the

possibility of this city going its own way ultimately if we don't have a partner in the housing authority that is willing to collaborate with us in ensuring that these vouchers are well utilized.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor and I agree with Councilmember Liccardo. And Leslye, we've talked about this before, that you know without the housing authority's not just cooperation but allowing us to have the authority over taking care of our homeless, it seems like their priorities don't seem -- certainly don't seem to be efficient but also I don't think we're going to reach the number of individuals that need our help with their plan. And so that's why I seconded the motion because I do think that we have to be very clear about what we expect as a city before we sign on to anything that the housing authority puts forward. I also want to thank all the speakers and the county and you know I think that those that really on their front lines understand the importance of the allocation of these really, when it comes down to it very scarce resources concerning the enormity of the problem and you know, as much as it is a problem downtown unfortunately we are seeing the problem spread throughout the city. And but we need to be able to react in a very nimble fashion but in a way that really solves the problem. And I agree that oversubsidizing these projects and limiting the number of vouchers, we're just -- we're not you know, I think and I know how committed you are and I just don't think that -- I agree with the angle they are taking and it just seems like once again the housing authority seems limited in its ability to really take in strong input. And so that's why I fully support the motion, and making sure it's very clear what our expectations are and very clear that you have some authority and how we can address the problem that most of the homeless in this county are here in San José. And you know we should be able to work with our partners in the county and our partners in the nonprofit community to make sure that what has been a very successful program with destination home that we really have the tools to continue the work. So I appreciate that you being the watchdog for us and in your work and the folks from the community that have come here to speak, to really make it clear, I hope it sounds -- it sends a resounding message to the housing authority that, you know, we need to resolve this problem in cooperation with each other in a way that's efficient of the resources we get but also, really lets us get help to those that need it the most. And if not I agree with Councilmember Liccardo, you know if we got to part ways let's

part ways but you know so far it seems like they've been talking about wanting to stay together and I believe it's their time I believe to show it. Thanks.

>> Mayor Reed: We have a motion to approve staff recommendations with some modifications as outlined by Councilmember Liccardo. On the motion, all in favor? Opposed? None opposed, motion carries. That concludes the afternoon agenda. Taking us to the first item on evening agenda which is 11.3. Actions related to the real property on the north side of river oaks parkway. Before we get started on this I do want to disclose that in preparation for this meeting my staff and I have met with representatives of Irvine, several people on their team, Dan Miller Paul Hernandez and their consultant team as well. Are we going to have a presentation Joe?

>> Joe Horwedel: Just a quick comment, Mr. Mayor that this has two pieces. There is a planned development rezoning related to the proposed project and also a development agreement. Normally we do not do development agreement for residential projects as the council is well aware but as part of the North San José incentives that the council had considered at the end of last year we did bring forward a proposal that would allow a market rate project to move forward in consideration for an extraordinary contribution to the affordable housing fund for the City of San José. Staff from the housing department and Planning Department worked with several different developers to bring forward a proposal to council, council concurred with that and the development agreement is the result that would memorialize that agreement and staff is recommending approval of both the development agreement and the planned development rezoning.

>> Mayor Reed: Thank you. I'm going to support the staff recommendation. I'm going to thank the Irvine development for their major take a look it's very impressive, hundreds of millions of dollars with many, many people. Wearing hard hats and this is city and we appreciate that. Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. I second your motion. Or I'd like to put a motion on the table to support the staff recommendation. And I also notice that the representative from the applicants are here so I don't know if we want to hear their testimony first.

>> Mayor Reed: We do. I've got some cards, we'll do that. We have a motion and second. Take that testimony knew starting with Dan Miller.

>> Mayor, and councilmembers, Dan Miller representing the Irvine company. We have reviewed the staff report and we are in agreement with the findings as stated. We are in agreement with the development agreement as Joe indicated some extraordinary benefits as \$9 million in affordable housing fees as well as \$9.4 million in park fees that will be spent in the area for the community in terms of park improvements. As indicated, this will increase our investment in North San José, continue the construction jobs that we have going on, at crescent village, and I also want to point out that we've had at least five community meetings in the area with representatives of the homeowners association as well as a community wide meeting, and listened to those community representatives and tried to address their needs. We're here to answer any questions you may have. Other members of my team are here. And after a close of public comments, if you need us to reply we'll be available. Thank you.

>> Mayor Reed: Jim Feran and then David Wall.

>> Thank you, I'm here representing the Park Side homeowners association. The town home complex that neighbors this project. And we're here to support the inclusion of the river oaks trail connection on this project. This trail has been shown as an integral part of the North San José bicycle and pedestrian transportation plan, throughout vision North San José. It crosses the very tip of this property to make the connection to the Coyote creek trail and have little or no impact to the developer's plan. The parks in the packet for this project stated that existing access was already available. And I presume that access is through our town homes to the gate, where there is a small ramp. But there is no public access easement to that gate. There is a private ingress and egress easement which is solely for the residents of the original complex. And not a general public use easement, which is specifically stated in the book of maps. So we think the trail's very important to have. It connects across to the Guadalupe river, connects to the K-12 school to be built, future community center and library, and of course, to all the housing and industry that's coming into that area of the city. Also, to an existing bridge over the Guadalupe river. So we hope that you will include that as a condition of this development.

>> Mayor Reed: David Wall.

>> I for one do not welcome the Irvine company to San José. I liken them to a playing of locust, furthermore, Mr. Mayor, you should be more moving the residual sludge drying operation at the water pollution control plant due to alleged odor issues that could cost ratepayers a minimum let's say \$500 million was discussed at a treatment plant advisory committee meeting. The negotiations to allow this project to go forward were \$9 million declaratory amount. In my -- from my position looks like a constructive bribe. In other words, the project wouldn't go forward unless political skids were greased to, with reference to affordable housing to allow this atrocity to the environment to go forward. We hear talk of park money being set aside. Well, that is true. Park money now adays for all these construction projects is set aside. But will it ever be used until the city can formulate an operations and management budget? This is illusory developers of these intended victims these people who will be buying these houses. Further more it's a lesson in contradictory terms. Today we had at least two learned councilmembers support Senate Bill 1220, the housing trust fund. Look how many \$75 per page for each one of these 450 homes is going to rack up to the costs of this project. This theme tonight will be repeated through the other projects that are listed on today's agenda. Thank you.

>> Mayor Reed: That concludes the public testimony. We have a motion on the floor. Councilmember Chu anything to add, Councilmember Chu?

>> Councilmember Chu: Thank you, mayor. Also wanted to disclose that I have met with Dan Miller and Paul Hernandez, as well as Tom Armstrong, from HMM. Also want to recognize our District 4 open space representative Jim Forand to be here. I too want to thank the Irvine company for leading the recovery in North San José housing construction, not just north San José, throughout San José for this housing construction, that they are building including this 450-unit, the total of six phases of high density for rental, high-end rental houses in the North San José. And also want to -- I appreciate Irvine company for their community outreach effort. I understand they have held at least five community meetings, and I was in attendance of one, and I know my staff also attended at the other one, to really have a real good communication with the residents. The issue that Jim

brought up regarding to the access to the Coyote creek trail, I would really like to direct the staff to work with Irvine company to work with the PD permit process to study the feasibility of connecting the Coyote creek trail all the way through the Guadalupe river creek trail. With that, thank you very much, then, for seconding the motion. I ask for your approval.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. On that point, that Councilmember Chu just raised regarding the trail, it looks like based upon at least the report, from the Planning Commission deliberation that there was indication that the applicant supported that, however there was some issue of the Water District and other jurisdictions that had to be worked out. Is that accurate, jim?

>> Joe Horwedel: That's correct. to accommodate that so we would be working at the PD permit stage. Most likely running down the new public street that you see being built on this project that goes back near the river to provide that access. But contingent upon the Water District.

>> Councilmember Kalra: Okay can so there are still some things that need to be worked out and I think Councilmember Chu's motion contemplates further motions on that. Also just to clarify again, in looking at the maps and some of the designs, the diagrams and the discussion from the Planning Commission, that it doesn't -- that this is pretty far away from appearing quarter of vegetation, looks like there were some levies and compacted land but it wasn't actually part of the riparian corridor?

>> Joe Horwedel: That's correct . The majority of the riparian setback, where the creek is and the riparian setback stops is within the flood control channel so it is the engineered channel and then the levee it self is within the landscaping that would be planted between the building and the property line along the levee to use more riparian friendly ornative type landscape areas so there's a better transition in that edge. But with those additions we think we would be compliant with the riparian corridor study.

>> Councilmember Kalra: So they are adding some vegetation but besides that asides from the property there is riparian vegetation?

>> Joe Horwedel: There is a fire lane that moves through there so the buildings are setback off the property line. And so what planting we do in there we would like to be more riparian-friendly.

>> Councilmember Kalra: Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor Reed. Joe, what's left in this first phase of San José, have we reached the capacity on residential?

>> Joe Horwedel: I think the magic number is 174 units that were all -- would be affordable units that are left.

>> Councilmember Oliverio: So those would may come at any given time? There's nothing on the books yet?

>> Joe Horwedel: That's correct, we have nobody on the books for those remaining affordable units.

>> Councilmember Oliverio: Got it. This North San José plan is the combination of housing and increased office and part of it was that we had a Redevelopment Agency so we had all that tax increment that we could pay for things that we wanted to do. Now that that's gone I don't know ifist Kim Walesh or Mayor Reed, does this have a major difference of how we stay with the plan? Is that the right way to go?

>> Joe Horwedel: Impact fee too expensive at the time we did the incentives in January and staff did say that we would come back and look at that question as we hopefully built the first million square feet that the incentives were accommodating. To see should we be as bold of having the full four phases or should maybe this be a two-phase plan essentially cut the amount of development in half? So that's one of the things that staff has done a

little bit of kind of back of the envelope thinking around but we have not put a lot of that thought to paper. So you know I would say that's more downstream the next year or two to think about that some more. But I think we are very much committed to the job growth in North San José. The mayor's staff and I have been out, have met with I think every major property owner and developer in North San José to sell the incentive package that the council approved in January. We were also out beating the bushes with major tenants that aren't in San José today to go and make sure they're aware of the opportunities in North San José because they are unique, that the amount of land that is available as the CEQA review already done is not -- does not exist in a lot of other places in Silicon Valley. So we do think we have an opportunity there. But we are clearly not downtown Palo Alto or downtown Google so we do have some distance that we need to market to kind of jump over to get to, so we want to position ourselves to be ready for that.

>> Councilmember Oliverio: So outside of the difference of getting approximately 10% when it was RDA, the building of the housing help satisfy the requirements for traffic mitigation by putting the housing there?

>> Joe Horwedel: Yes the traffic or the housing in North San José is traffic mitigation for the jobs in North San José and while the General Fund will not see the property tax for quite a while coming out of North San José from either the jobs or the housing we do have a tremendous amount of debt that we do need to pay off and that gets paid off by creating tax increment. In some ways some of the largest generators of tax increment in North San José is the housing we built in the next decade or two that it is really generating a lot of tax increment that helps us chip away with the debt overhang we have from redevelopment.

>> Councilmember Oliverio: Just tax increment will stay?

>> City Attorney Doyle: We will continue to collect that tax increment as successor agency and use it against the outstanding indebtedness. At the point in time that debts are satisfied all taxing entities will share.

>> Councilmember Oliverio: That's a while.

>> Joe Horwedel: 30 years.

>> Councilmember Oliverio: They've maintained prior council meetings was the developer agreement. We had an option of how we chose to use the money and I felt the 8.8 Mill million should be used for traffic mitigation so we could land -- lower the cost for corporate headquarters in North San José. So unfortunately I won't support tonight because it's linked to the developer agreement which again I wish would be linked to the road improvements. Thank you.

>> Mayor Reed: Again, on the motion, all in favor? Opposed? One opposed, Councilmember Oliverio is opposed so it passes on a 7-1, eight us here tonight, 7-1 vote. We will move to matter 11.4, actions related to the real property located at the southwest corner of Almaden expressway and Chynoweth avenue. This is a not really complicated matter but there's more than one thing going on here, because we have an appeal of an environmental impact report and a zoning. So we'll have two hearings and a couple of decisions. Make sure that we get the procedures down because we have an appeal. We take the public hearing a little bit differently. We'll first have the appellant, we'll get, allocate the appellant five minutes and then the applicant gets five minutes and if the appellant and the applicant want to reserve some time at the end they can take part of their time after everybody else has testified. And I have about 12 cards in total of people who want to speak. But we'll take the public testimony and then let the applicant and the appellate close their discussions, and then with that we'll let the staff add anything they want about the procedures tonight to make sure we do it properly, Joe Horwedel.

>> Joe Horwedel: Mayor, we'll have comments and putting information into the record that we think is appropriate and then separately on the zoning item.

>> Mayor Reed: Okay, then we will start, we're going to take both hearings at the same time. So when people testify they can talk about either the EIR or the zoning, up to them, whatever's on their mind. But the appeal is on the EIR, correct?

>> Joe Horwedel: That's correct, we do have an EIR challenged by the property owner Safeway which the located to the north of the subject site and there's a staff report prepared on that.

>> Mayor Reed: Okay, let me just check based on the cards. Who's representing the appellant, is that Thomas Donnelly for the appellant? And Jerry de Young representing the applicant. We have others who want to speak but we'll take that when we get to them. So let's start with the -- let me just start with some disclosures. Want to make sure I get this on the record. In preparation for the meeting my staff or I have met with representatives of Arcadia properties, ee Leigh Rinehart, Brad dugger, storm properties, Ed Storm, Curtis Lee and Jerry Young consultant to Arcadia just sure I don't forget to do that. Appellant, why not start with the appellant, should we do that? We'll give the Peyton five minutes now or can you save some of it if you want. Mr. Donnelly.

>> Councilmembers, my name is Tom Donnelly, I'm a member of the firm of Jones-day proposed Almaden ranch new retail center. We are the appellant. Pending before you subsequent EIR which I will refer to as the SEIR for the Almaden ranch project. Thank you for giving me five minutes, Mr. Mayor, I didn't believe I could get this done in two, so I appreciate the extra time. I'm trying to put a site diagram up which I think will help us visualize this. We submitted a letter on March 16 to Ms. Xavier and I trust that she's distributed it to the councilmembers. Does anyone need an extra copy? So we lay out our arguments in our March 16 letter. Essentially, the SEIR does not comply with CEQA. The Almaden ranch project has a critical element to it. It requires a widening of what is now called Chynoweth road and skipping that all the way down to Cherry avenue. So if you look at the diagram we've depicted the Safeway store, that's at the intersection of Almaden expressway, Cherry avenue is to the East, Chynoweth is to the West. Chynoweth would be renamed Cherry avenue and extend further to the East and then down South to Blossom Hill. The staff is proposing to install a median in the middle of Chynoweth. That median would block access to our client's shopping center. And you'll see on that diagram currently we have three driveways from Chynoweth that enter our shopping center and we've labeled them the southwest driveway, which is near the intersection, the south driveway, which is in the middle, and you enter that and get to the front of the Safeway store. And then the southeast driveway which takes you around the back of the Safeway store. This median would block those direct entrances, for those who are traveling East on Chynoweth. Our traffic consultant, Theron Peers, prepared an analysis of the traffic flow and looked at what effect the median would have on the

flow of traffic into our shopping center and our consultant concluded, and this is in the letter we submitted that 50% of customers that use our shopping center that get to it from southbound Almaden expressway use those existing south entrances. So this median would block 50% of the customer access from Almaden southbound expressway. Worse yet, gasoline delivery trucks that deliver gas to rotten Robbins would no longer be able to use the entrances which they currently use which are primarily the south and southwest entrances and instead they would have to make a U-turn at what is now the southeast driveway and couldn't even make a U-turn because it is not wide enough. It would become a three point turn for delivery trucks delivering gasoline. Yet installation of this median is not mentioned at all in the SEIR not once. You could run a word search on the SEIR on the word median and it doesn't appear. And staff cannot just conclude as they've done in the two memorandum submitted to the council that the impacts are insignificant. They have to analyze the impacts in a competent EIR. As I all project elements, identification and evaluation of the significant impacts, and that all has to go out for public review and comment. None of that has occurred here. Thus, I urge the city council not to certify the Si.e. EIR. The staff has properly studied the impacts of the median have to be evaluated. Instead I urge the city council to direct staff to conduct a proper CEQA analysis of the proposed inauguration of the median and develop reasonable mitigation measures and I'll reserve whatever remaining time I'll have for rebuttal.

>> Mayor Reed: Okay, we'll hear from the applicability represented by Jerry de Young.

>> Good evening, Mr. Mayor, members of the council and members of the council who are, I understand, suffering from some malaise and some sicknesses and hopefully they're watching this evening. If you've noticed on the staff report, let me start by saying I'm representing Arcadia development company and its development company, hunter storm. If you looked at the staff report I'm sure you did several years ago we decided that the that in the upper right-hand corner projects take to go through the process. This one was actually filed in April of 2010. Sometimes it does take a long time to work at the speed of business. We've spent countless hours with the planning staff, Public Works staff, economic development staff, engineering services staff over the last two years. We've also spent countless hours and approximately 12 community meetings that I've had with the community, to bring this project forward to you tonight, with as little opposition as possible and as great asupport from the community as we can and I think we stand here tonight with that support. The reason I put the site plan

in front of you this evening is that this site plan does represent the two years' effort that I just spoke about. It does represent the number of interactions we had with the community and with the staff. This particular site plan which actually was filed as a PD permit and the second evolution of the PD permit this afternoon, almost 100 sheets of drawings. This particular site plan has 28,500 square feet more of landscape area than the original landscape plan. It has almost 30,000 square feet of additional pedestrian walkability areas, biking, connectivity. Therefore it has about 67,600 less square feet of surface parking area. That's the major issue, in the staff report. I think it's very important to understand that while we have had some disagreements with the staff, that we come here tonight thanking the staff for all of their hard work, for their hard efforts. Particularly I'd like to single out one staff member, Lee Butler who has been the project manager on this and has the fortunate or unfortunate experience to be able to be our liaison between all the departments in the city and the developer and the developer's team. Lee did an outstanding job so I want to single him out today as having done such a great job. This project will represent about \$10 million of public infrastructure improvements, Cherry avenue will be completed or widened in some phase between Almaden expressway and Sanchez. Almaden expressway will be widened again, the county just widened it and we will be widening it one more time to add one additional lane to that. In addition to that there will be some offramp improvements from the 85 offramp to Almaden expressway. There will be along the top edge of this is the hydromodification basin which partially is within the 100 foot setback for the Guadalupe river but also contains about three acres of total land that will be green space and complementing the riparian corridor along the river. This project represents in its completed state approximately -- would represent a thousand jobs. Countless jobs in the construction phase which is -- would be done over some period of time, perhaps three to four years. Needless to say all of that will culminate in a shopping center of somewhere around 375 to 380,000 square feet. And generating tax dollars into the City's General Fund. So Mr. Mayor, I think with all of that, certainly provides an opportunity for this council to approve the project today. I am in receipt of Councilmember Rocha's memo from this afternoon indicating a change at our request to the development standards to allow some parking changes to allow 10% additional parking over above the minimum. I'd like to thank Councilmember Rocha for carrying forward with our request on that. With that that, Mr. Mayor, we stand and ask you to approve the project with all of the remaining staff conditions and Councilmember Rocha's memo. Thank you.

>> Mayor Reed: Thank you. We've heard from the appellant, the applicant will now take comments from anybody else that wishes to speak on the matter which is either the EIR or the zoning or both. Mr. Wall, David Wall then followed by Jarrod Cummings and Farok mayron.

>> There are some projects that are an affront to a learned mind. This project is an affront to God. 43 acres plus, of pristine farmland going for what? Another failed economic model, shopping malls, trying to maintain a doctrine of tax revenue leakage. This project basically by the code of conduct, Mr. Mayor, as defined in this agenda, cannot be analytically described, because expletive deleteds are not permitted. This is corruption gone amok. And Mr. Mayor, you've illustrated too by today, is a unique talent with the use of the bifurcated tongue as applied to the Green Vision. For one, this project violates everything about the Green Vision on an environmental standpoint. With reference to your requirements to maintain the illustrative habitat plan for example. The other is, when you have another previous housing project where you eliminate car parks. Well, car parks create emissions. Here, there's all sorts of them. But what this project clearly cries for is a unified command of council to use eminent domain to seize this property and to create park land or orchards in perpetuity. Now, that's Green Vision. These type of projects have to be quashed, long with high density living projects for a variety of reasons. I have no qualms about voicing this opinion. Thank you.

>> Mayor Reed: Jerald Cummings. Farok mayron, Judy Lindo.

>> My name is Jerald Cummings. I'm representing Robinson oil operations, owners and operators of the rotten Robbie chain. I'm actually retired from the chain but still employed on a limited base as an advisor. We are opposed to the median, behind the shopping center, as a poor design . The solution that allows for the new development hurts our business and the business of the other stores in the center. It will make it more difficult for customers to enter and exit. People will have choices, some will choose not to do business in the center. Delivery to the rotten robie stations are made at the station not behind the shopping center. The fuel tanker is the biggest concern but other large and medium size concerns make deliveries to rotten Robbie on a completely around the front of the shopping center and then through the parking stall lanes to the rotten Robbie. If they think it is a safe and practical solution, it's not surprising why they eliminated the entrances to the center new street through the

residential area, Sanchez drive. That ought to be a hit with the residents. We support Almaden property's appeal, we are frustrated with the lack of notice on this very important issue, and the lack of concern by the city staff through impact on our business. Thank you for your consideration of our concerns.

>> Mayor Reed: Faruk (saying names).

>> My name is farouk maron, I'm a small business owner. I occupy a small shop on the Safeway shopping center side of the Safeway right here. I'm also opposed of the proposed median, because it will affect my business. Half of my customers currently use that entrance to Safeway shopping center to get to my business. So by blocking that road, it definitely will affect me. Right now, there is a development, you know, road improvement going on in Almaden expressway and I am seeing the effect of that to my business, 15% decline in my business just because of road work that has nothing to do with Chynoweth. I would urge the council to -- to do a thorough study of the traffic flow on Chynoweth, the numbers that I've given in the argument, they're hard for me to believe. The if it's not 30%, you know, it's definitely more than 2% of the traffic that go to Safeway shopping center goes through that road. So the 2% I don't think is the realistic number. I would request a metering, you know, to be done, more tourists to be done for the traffic on that road entering the Safeway shopping center. Thank you. Oh, one more thing. Right now they're adding a right turn on northbound on Almaden expressway. Right now currently there is no right turn allowed.

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

>> Thank you.

>> Mayor Reed: Julie Lindo, Jim Kuehl, Michelle Beasley.

>> Thank you, council for your leadership and your time. My name is Judy Lindo, I'm a resident of San José. I'm a member of the San José community. I urge you not to support the Almaden ranch project. I think the arguments are very clear. One: I believe it will only provide short term financial benefit. Two, it goes against the spirit of the

San José 2040 general plan. Three: It will increase your greenhouse gas emissions and make it harder for us to reach our AB 32 goals. And four, it will reduce the quality of life in San José. Thank you again for your leadership and time.

>> Mayor Reed: Jim Kuehl, Michelle Beasley, Darren poorly.

>> Good evening, Mayor Reed. And city council. My name is Jim Kuehl, I'm a 20 year resident of Almaden valley and I'm a neighborhood advocate. Three concerns. First concern: Almaden expressway traffic is rated as E, unstable. The proposal in front of you does not make any improvement whatsoever in that rating. In fact, buried in the details that would be 14 lanes across Almaden expressway at the south side of the cherry intersection. This includes the two lanes that are being proposed by Arcadia. I defy that to be a green lane expressway. With 14 lanes and an elderly person walking across that lane. Do I not think that was included in the traffic analysis. Next issue: Almaden ranch is clearly a '70s era shopping center. A drive-to-buy retail center with some window dressing called a village green to make it look like it matches the envision 2040 general plan. It is not a village. It does not stimulate walking or biking. Three mitigation proposals exist. The first one, we should build the Chynoweth pedestrian bridge that would link the east and the west sides of the neighborhoods on either side of Guadalupe. Guadalupe runs to the rear of the property. That pedestrian bridge would allow the Chynoweth light rail station, people have access to the retail center, and importantly, the neighborhoods on the West side of the Guadalupe get access to the Chynoweth light rail station. Second mitigation proposal is provide a mini bus service, privately funded hopefully, that would link the various shopping retail centers in that corridor. Finally, we should have a mini bike or a bike rental service that would promote biking. Let's really do something that embodies the spirit of the 2040 general plan.

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

>> That's it thank you.

>> Mayor Reed: Michelle Beasley, Darren.funse, Matt Francois.

>> Good evening, honorable mayor and members of the city council my name is Michelle Beasley with Green Belt Alliance. Last summer, Green Belt Alliance weighed in on the Almaden ranch proposal. We were dismayed walking on envision San José 2040 discover 43 acres of undeveloped lands within the city limits would be transformed to yet another big box retail center curing as you to what would set this retail center apart from everywhere else and I'm also curious if it would bring any revenue or just pinch shoppers from surround retail. If this project moves forward there is one idea being championed by neighborhood green belt alliance a pedestrian bridge over the Guadalupe river. The Erickson neighborhood councilmember Rocha's memo this comment that San José's brand-new general plan has very ambition greenhouse gas reduction targets and if the city is truly committed to addressing that then it needs to start prioritizing pedestrian improvements. A pedestrian bridge would significantly improve connections to the surrounding neighborhoods and the light rail station. It costs a lot less to build than many roadway improvements. And it is a real opportunity to take dare of the Guadalupe river's riparian corridor and turn this into a real amenity for the neighborhood. The Erickson neighborhood association had something in one of their PowerPoint slides which really liberate our to have some seed funding to make sure it moves forward not just a study but actual construction. Thank you.

>> Mayor Reed: Karen Funse, Matt Francois, David Noil.

>> Hello, thanks for hearing me this evening. My name is Darren Ponce. I'm a district 6 resident in San José and I'm also the co-chair of the San José cool cities team. And I'm here to hopefully put a face to the letter that our group sent out, I hope you all received the letter. I'll get straight to the point and keep it short. You know, my overall worry and hope at the same time is that now in the future, please try to consider and continue to consider, how and if projects and development projects serve 2040 plan vision. I truly feel that this project does not. Thank you.

>> Mayor Reed: Matt Francois, David Noel, Pamela Parrish.

>> Good evening, council and Safeway stores. As you all know, Safeway is here store in the Almaden Safeway center, directly across from the project site. Their concerns is \$4 million just four years ago to make it into a lifestyle format store and their concerns are with the proposed median along Cherry avenue which would block entrance into the main driveway on Chynoweth. Each of these driveways would be restricted by the median. 50% of the southbound traffic that enters the center enters the center through that Chynoweth driveway so it is a big concern for Safeway as it would be for Rotten Robbins, the owner of the auto detail shop and I'm sure you'll hear from others. South entrance now with the median, left turns would be blocked into the center. Instead the proposal is to put a light where the entrance is at the rear of the Safeway store so if you turn to the right you go into the main entrance to the Almaden ranch. If you go to the left you go into the delivery urban design standpoint. You don't go into one area to shop and the other areas to do loading and deliveries. The fuel trucks are a big concern. The median would force these trucks to go behind the Safeway store 76 around through the parking lot until they finally get to the Rotten Robbins until they get to the corner of Almaden and Cherry fair to expect them to solve it. But that being said Safeway's happy to participate in discussions with city staff and the developer to see if the parties can reach agreement on a compromise solution.

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

>> Just one final point Mr. Mayor.

>> Mayor Reed: Sorry, your time is up. I've got others who want to speak. We'll take David Noel next and Pamela Parrish and Jerry Lane.

>> David Noel, president of Erickson neighborhood association which represents 600 homes across the Guadalupe river from the Almaden Ranch project. We led a coalition of neighborhood associations which compiled a list of features we felt would help make the project successful a good neighbor and take advantage of its unique location. We feel the developer took our concerns to heart and will continue to do so. Despite many improvements however we will be faced with unavoidable impacts such as loss of open space having busy street behind our homes shunting traffic from one of the worst intersections in our city and of course, increased

track. We believe a bicycle bridge across the Guadalupe river would help offset arcadia development company has generously provide seed funding and in-kind services to make this possible. We are happy to support Councilmember Rocha's recommendation memo pedestrian bridge. We fully understand that the Almaden ranch project is governed by the 2020 general plan and that as retail development there is no Nexis requirement. However because of help the city become significantly more walkable bikeable and transit friendly we are confident that it will rank highly for future grant funding. We are optimistic that it can get built if you help us take the first step tonight. Opportunities design and construction by leveraging three adjacent project almaden ranch, the army corps of engineers Guadalupe river flood control project and the City of San José's Guadalupe reach 12 trail extension from Chynoweth to Branham. We stand completion. We extend our sincere gratitude to Arcadia for their generous offer and to Councilmember Rocha for his leadership. We look forward to continuing to work with Arcadia on the Almaden ranch project and the public private partnership that will make the pedestrian bridge a reality.

>> Mayor Reed: Pamela parairv, Jesse Lane, Jessica Gonzales.

>> Good evening, I'm Pamela Parrish if from the envision 20 I applaud to reduced drive along to almost 50% almost a five times increase in transit, 1250% increase in bicycling and 830% increase in walking. Better bike-pedestrian access supports these goals. This is a map that shows the site in yellow, Guadalupe river is in white, the river trail, solid is existing and the dashed is soon to be built. The blue line shows where we can cross on bikes and walking or actually offer branham or Blossom Hill road currently. The proposed bridge is the tiny green arrow that connects the corner of the site to the land at the tip, northern tip of the pond. Current access of 7,000 neighbors to the West, to get to the light rail means they come around Blossom Hill or they go around on Branham. Current access for the neighbors on the eastern side including the senior living center in purple means that we go around on Branham or we go around on Blossom Hill. A bridge would allow the eastern side which is our neighborhood to access the center and possibly make it preferred site for shopping. In addition, it would allow all who come up and down the trail and I estimate that there's in the neighborhood of 20,000 or more that are within a 15-minute walk of the center in that direction. Liberate us from our cars, and I have a second for that which I appreciate. Build a bridge today. Thank you very much.

>> Mayor Reed: Jerry Lane, Jessica.

>> Mr. Mayor, members of the council, good evening. Like any colleagues before me I represent the Erickson neighborhood association and over 630 homes just across the Guadalupe river from the proposed Almaden ranch development. It is sadly ironic that from parts of our neighborhood we will be able to hear every car drive through the property. We will be able to throw a baseball to the property but in order to get there we will have to get in our cars and drive almost two miles on some of the busiest roads in some of the busiest intersections in Northern California. While the site is inaccessible by any means other than a car. It is bounded on the north by sheer distance by all but a few homes, on the East by the Guadalupe river on the South by highway 85 and on the West by Almaden expressway. Although there is a crosswalk across to the cherry neighborhood there are no bike lanes north or south. According to census data we have Guadalupe river near the end of Chynoweth would put a minimum of well over 20,000 residents within a 15 minute walk of and the Guadalupe river trail. We understand this project was in the works well before the 2040 general plan's recent adoption but regardless, the inclusion of a footbridge would be a significant step towards bringing this development in line with the goals of that plan. And make a more pedestrian and bicycle friendly development that would enhance the quality of life in the area. A footbridge across the Guadalupe river would be both environmentally correct and fiscally prudent. I would minimize the impact of this development and increase the value of not only the surrounding area but of the ranch itself as it and its commercial, residential and public transportation maybe would be more accessible to more people in more ways. Thank you.

>> Mayor Reed: Jessica Gonzales.

>> Good evening mayor and honorable city council. My name is Jessica Gonzales. I'm a San José State student, San José native and an active Sierra Club cool city team neighbor. I heart stopped when the proposed plan was just displayed. I recently had a friend come visit, a Polish exchange student who ranted and raved about the Silicon Valley. She when she why are there so many buildings? By building a development such as Almaden ranch we would only be adding to the negative second discuss base amazing place if you ask me because of this

I would not even consider being a patron to such a retail place even though I live nearby. This short term thinking does not belong at a city council meeting like this, especially after the approval of envision 2040. Let's reap for our positive goals that we set forth in envision 2040. It is a pity that you will likely consider improve being this desirable place to live.

>> Mayor Reed: That conclusion the public testimony but we did have some time left that the applicant had and the appellant had. Not long, about 36 there seconds each. We'll take the applicant and the permanently.

>> Mr. Mayor, are we going respond to that. Because no one has taken an adverse position.

>> Mayor Reed: We're going to hear from staff but I want to get all the testimony, your testimony, everybody else's testimony first and then we'll let staff respond to whatever they think needs to be responded to.

>> I won't have a chance tara but Gillespie we didn't receive any notice of the median therefore our only time to make these points is here. And in the objections we wrote and submitted to you. And staff has done a study in the March 1 and March 2 memoranda, the study is based on irrelevant data 2% is just plain wrong and you've heard testimony on that from people who actually operate businesses there, thank you.

>> Mayor Reed: Applicant have anything to add in 30 seconds or less?

>> Was that three seconds or three minutes?

>> Mayor Reed: 30 seconds or less.

>> Thank you, Mr. Mayor. Let me just close by, the reason I mentioned the date in which this was submitted was to also indicate that when we started this prompt we were dealing with the 2020 general plan and policies and by the time we finished we were dealing with the envision 2040 policies. We believe we made that transition, in meeting the policies, the goals, of the envision 2040, in a way that is appropriate to 2012. That -- there's going to

be a certain amount of transition that's going to occur as the city moves into 2020, and 2030 and 2040, we are on the leading edge of that transition and we believe this project meets the spirit and intent. Thank you.

>> Mayor Reed: All right, that includes the applicant, the appellant's public testimony. I want to give staff an opportunity to add anything they want to the record before we get into the issue of the EIR or the zoning.

>> Joe Horwedel: Thank you, mayor. I'm going to concerns raised that about that this is not a village that the expectation should be a mixed use community on this location. The issue of the general plan on this site was degree baited at the general plan task force. Activity. And as a part of the discussions and coming out of the general plan itself this site was not designated as one of the 70 villages in the city. This was not one of the sites that we looked at putting housing. In fact with the general plan adoption we took housing off of this property. That the proposal from the applicant filed back in 2010, was for a modification of the previously approved commercial project and as we went through the general plan process we did look at whether this was a site that made sense for a village. Because of some of the access issues you heard speakers talk about tonight staff kept this as a commercial site, and retained it with a regional commercial designation. The proposed project does conform to the Republican general plan for the property, it does go and has been revised substantially as you have heard from Mr. de Young to go and make it more pedestrian friendly, to go break up the parking areas as you saw with the site plan that was proposed. It really, for the size of the project we did try to work with the different zones on this property to make sure that it was -- had a good interface to the river, that it had a good nucleus of uses that would be pedestrian bicycle oriented and as opposed to that part of the site where large retailers might be existing. So very clearly this is a project that is consistent with the 2040 general plan. So at this point I want to have Lee walk through some of the issues that have been raised in the appeal and Manuel is going to jump in and talk about the research we did, the analysis of the driveways and the medians because this is not an unknown issues in the city.

>> Thank you, mayor and councilmembers. In the response the staff cherry avenue street section. And the additional review confirmed if analysis contained in the FEIR was adequate and complete. There is no significant impact created by the installation of the median island on the new Cherry avenue. Staff looked at the number of

vehicles using that roadway segment and there's not a level of service impact at the new traffic signal on the new cherry avenue extension. The median island itself was shown on the conceptual site plan shown in the FEIR and the EIR also noted that the street would be designed to City of San José standards. The methodologies used in the traffic analysis contained in the FEIR are entirely consistent with how the city performance traffic citywide other gas stations similar to the situations we have here. The city installs median islands in order to ensure safety and to provide for efficient transportation movement and that's exactly the case of why it was installed in this location. To ensure safe and efficient transportation movements. The appellant raised concerns about truck access to rotten Robbie and that access can be obtained from Sanchez and Blossom Hill, heading north from that direction. There are also a number of other entries into the site where circulation can occur onsite to reach that particular use. And timely, I just wanted to point out that there are 10,000 cars initially that will be using this new general plan street so there will be a significant amount of traffic that will be going past this so new customers potentially traveling past this existing Safeway center. And at the build-out of the 2040 general plan it's anticipated that 20,000 vehicles will be using this on a daily basis. So with that, I'll turn it over to Manuel.

>> Thank you, Lee, Manuel pineda deputy director of the Department of Transportation. Just a few more clarification points. One is I did want to emphasize that this is a general plan street and that is expected to carry a number of vehicles to that location. So part of that we wanted to design the road number one in a safe manner and number 2 in a way that it will operate in a functional way and save way especially when you have the number of movements associated at this location so a key point for a safety standpoint is to making sure we control that access as we do at many other locations in the city. Staff was very aware as part of the design about the accessing to the existing shopping center as we do in such signalized intersection with one of the driveway points certainly that is in the back. But that new signal does provide U-turn access. No driveways are being closed at all on the Safeway side except that those less than 100 trips that were currently making that left turn during the peak hour will now be able to make a U-turn. This provides sufficient access, provides good access certainly different different than what it is today. Certainly leave ooh outbound access that is currently not there that will allow access to Blossom Hill road. Significant case two lane half treat that is being converted from a two lane half street to a four lane divided general plan street and as such the design is to be incorporated to make sure we are doing that in a safe manner being our number one concern, thank you.

>> Mayor Reed: Anything else staff that we need to get into the record before we start the discussion?

>> Joe Horwedel: Yes, staff is recommending the approval of deny the appeal of the EIR that you've heard from staff responses we feel that we have more than adequately analyzed the concerns of the property owner that those left the changes for the installation of a median does not rise to the level of significance, that would be the trip under CEQA that this is an EIR and so the standard for proof is higher than a negative declaration. So as we feel that we have more than adequately met the standard for CEQA.

>> Mayor Reed: All right, we have two matters in front of us. One is the environmental impact report and the other is the zoning. We need to deal with the EIR appeal first. And then we can talk about the zoning. So we'll take them in two separate actions. Councilmember Rocha.

>> Councilmember Rocha: Do I need to take them in separate actions or can I do them in one motion? One long motion, of course?

>> City Attorney Doyle: Councilmember, you should take the appeal first on the EIR and then we'll take up the zoning separately.

>> Councilmember Rocha: Thank you. As far as questions for staff, moving to staff first for them to speak, really stole all my tough questions so thank you mayor for getting those out of the way initially. I had some notes here in terms of the reference to this site being open space and Joe covered that in terms of what this property really was zoned for previously and general planned for and you spoke to it briefly but can you talk about how many units and how many -- commercial space was already approved or entitled there? And if you don't know purpose that's fine.

>> Joe Horwedel: I do not recall off the top of my head, sorry. It was apartment units several hundred units.

>> Councilmember Rocha: In terms of traffic impacts issue,.

>> Joe Horwedel: Heading northbound on both the expressway and highway 85. The commercial really has the impact in the evening.

>> Councilmember Rocha: So as far as the transportation or traffic impact on this already heavily traveled area this was an improvement as far as we were concerned?

>> Joe Horwedel: That's correct. It was 400 residential units we were previously.

>> Councilmember Rocha: The median island I'm sympathetic with the folks sitting here talking about this. But after sitting down with D.O.T. as far as the median island and traffic safety to avoid stacking especially when we're looking at a expressway, thank you for taking the time to explain that to me. I also want to disclose I met with Arcadia and also hunter storm here. Can I move into this or make into my comments?

>> Mayor Reed: You can make whatever comments you wish. When we get to the motion we'll divide it up into two. -as some of you may have noticed the Erickson community group that was here were my past recipients for state of the city, you see why, it's pretty impressive, the commitment for their neighborhood and the public process is impressive and continues to be and I'm very impressed by what they do how professional they are and how respectful of everybody's opinion. They've done such a fantastic job from beginning to end. There were other neighborhood groups that took the time to Lin to the applicant and developer, with that said I want to thank the developer for taking the time to go to a number of community meetings in the district to vet out this project and sit down and listen to folks and take their input. They really showed a willingness to modify their project from city staff, residents, advocacy groups and small occasions me as well. Their investment also in San José at this economic time is greatly appreciated. There are not a lot of folks who are stepping up with private dollars with no public assistance to make a commitment such as this and for that I'm very grateful. Joe could you speak a little bit to the evolution of this development from its initial submittal, new initial submittal, in consideration of the river and

the environmental issues and the mocks to a more pedestrian oriented development as opposed to purely an automobile one?

>> Joe Horwedel: The earlier project on -- if you can bring the presentation back up we'll put the map up. Along the river, the original proposal had two large buildings, one on each end of the -- that site. That really were oriented to the parking lots. And so staff, there you go, that the area -- we'll leave it there. Where you see pads or P-5, 6 and 7, adjacent to the river, P-7 proposed as a daycare center, originally that was a large building similar to E-5 right above the word cherry. Staff talked to the developer about, something the community also raised, having their turning its back to the river. And so the developer moved some buildings around, looked for opportunities for more restaurants to potentially work into that area. And really, with the daycare center putting an active use that would bring daily activity backtrack river as well as you'll see a trail that runs on the back of P-7 which is the connection that would align with the pedestrian bridge that we move that building off the property line to make sure we had enough room so you didn't feel crammed in on that side. Similarly, on the corner Almaden expressway and Cherry avenue you see a collection of buildings that are U-shaped that have a green square in the middle that staff again talked with the developer, showed some examples as you see in the staff report, one of which was the plant project on Curtner avenue and Monterey road where the developer went and grouped a number of restaurants and retailers together on a common square area that is now one of the most active parts of that development, very vibrant restaurant scene there. And what we have seen over time is when you group restaurants together like that, it's actually, when one is busy it allows the customer to go to the next restaurant. They don't have to hop in their car and go somewhere else. So we saw this as an opportunity to go and create a there for this shopping center. That in talking to the developer really see this as an opportunity to program things on you know evenings, you might see music being programmed out there that you could do farmers markets in this space but really created a spot that was flexible that it allowed all the restaurant tenant space to face into that and really create what creates a good urban-suburban location to take a typical shopping center that this was previously and really turn it into something different. It still has what you see a one something that is sized for a Lowe's or Home Depot type area. We didn't try to pedestrian activity but even with that you'll see a lot more green space has moved in, you'll see chunks of green in the parking lot where it's designed to put like large oak trees into that, the thought is that kind of recreating the oak woodland meadow feel from a

landscape design standpoint that building and parking was fit around some of that, around some of the existing landscaping. So it's things like the, that have been woven through. You see a number of sidewalks that have gone in, besides just a four or six foot sidewalk they have widened some of those things. I think the developer has worked hard to listen to what the goals were for 2040, the goals were about getting people out of the car and doing multiple trips in one location and weaving this through. The one thing I will go in and point out, we are also building a city that with the 2040 plan is 20 years in the future from today. And once we get to 2040 we'll continue to evolve as a city. Opportunities for redevelopment I would say when you look at sites like A-1 M-1 those are the places they may be 30 years from now you start looking at when the next generation of growth is going to happen in this city. We are continuing to build out the pedestrian, the bicycle network in the city, the transit network continues to evolve. Getting it for this generation and situated so that it does have a future as opposed to putting low density housing on it that would preclude that. I think it gives us an opportunity in the future to also look at.

>> Councilmember Rocha: You brought up two issues that I was going to follow up about and that is the landscaping and the trees. Can you speak a little bit to that as far as what the minimum requirements are and how far the developers went?

>> You heard from Jerry de Young, they filed their PD permit, our normal standard is one tree for every four parking spaces. Jerry has assured me that has much more than that, that would be my guess just looking at the amount of how we've opened up some of the green planter islands on the site. I think the landscaping concept that was put together is one that again thinks about different zones on the property and it puts a different landscaping strategy for each one of those zones so that it's not -- it doesn't read for one big for want of a better term parking lot. Because they've worked to go and figure out how do you break it up with major landscape features coming into the site that create smaller parking fields within the development and then with the landscaping changing throughout those.

>> Councilmember Rocha: Okay and one of my recommendations that addresses an issue in terms of parking, and my interest there was recognizing that to some extent these folks are moving ahead on spec in terms of substantiate and allowing them some flexibility with respect to P-8 and P-4 if I can read it correctly. My interest

just so you know on the record is not to compromise your ability to ensure the other area in terms of place-making that you talked about and I'm hoping that the way it's written it will give assurances to both you and the developer that that's my interest.

>> Joe Horwedel: It was 105%, we are blazing new territory. We've never done this before in a shopping center. So you know, again trying to go and take some of the goals from 2040, and really push hard on the presence of parking, just the kind of doing parking at no cost essentially is to really go through and work with the developer features of the plan whether it's pedestrian or whatever. So 5% 10% we think it still is achieving the same goal which is our goal is so minimize the amount of parking, you've heard from the developer the amount of square footage they've taken out of the site for parking. We need to make sure that there is enough parking to make this viable, we have heard from the developer about that and they have aligned with that goal.

>> Councilmember Rocha: Thank you very much. I hope my colleagues will join me in denying the people however as described in more detail on the proposed resolution, of the EIR findings for this item there is no feasible way to lessen or avoid these significant effects for this project and approval of this project is anticipated result of several benefits to our city, all these benefits outweigh the significant unavoidable significant impacts.

>> Mayor Reed: I have a motion on the floor to deny the appeal. Questions or comments, sir, this is not a debate we're going to deal with this. You've had your turn so please be seated. Councilmember Kalra.

>> Councilmember Kalra: Thank you. In regards to the CEQA issue. And what -- just for -- just so for the record, you know, what is the standard that's required of the city, in terms of looking like an issue such as this, the median? I know that a lot of the issues raised regarding the median had to do with impact on the businesses surrounding businesses or traffic flow and so I just wanted to see if someone from staff could make it clear as to what our obligation is that the EIR is valid regarding the median or any other of the impact report?

>> Councilmember Kalra with what we look as well as CEQA requirements and we look at the levels of vehicles 60s beings that we're required to look at for elements not project. In this case those left turns were under 100 trips

both verified by both our analysis and the appellant's analysis as well. Those 100 trips are easily accommodated at a U-turn movement as well as alternative access points. When we being significance as established per our transportation policy and as we do for every CEQA trip traffic impact analysis in the city.

>> Councilmember Kalra: And was the analysis done with the assumption that there was going to be a median there?

>> Yes. The make sure we when you look at the proximity between the general plan street and the new access point and the expressway there's a significant amount of volume at that location, pretty standard design both from the city perspective ye metric design guidelines as well as actual highway design manuals state for that type of roadway for safety purposes and operational purposes you would put a median at that location.

>> Councilmember Kalra: Are there any mitigation measures and I wanted to thank Mr. Donnell live for providing a written kitchen sing which is when concern to you and your client. But there is a mention that there are not -- it isn't proposing any mitigation measures. There are any mitigation measures that are necessary first of all or that could even adequately address this issue?

>> Well, let me clarify a couple of things because per established policy there is no impact at this location. Really what the vehicles have to do is make a U-turn where they currently made a left turn. 90 or 100 vehicles can easily accommodate that vehicle. You could carry up to 300 vehicles and easily accommodate that. For the appellant did not point out a CEQA impact as part of his perspective. So there is no CEQA. So no mitigation is required.

>> Councilmember Kalra: It doesn't really get do that point?

>> This is a change of access, the access still available for the site is just that now they for those trips only they'll have to make a U-turn or a left turn directly into the site.

>> City Attorney Doyle: Councilmember just to add on that I mean the question really is, is this evidence in the record to support the determination that the construction of the median island will not correct a significant environmental impact. It happens from time to time that you get experts that disagree. But the question for you based on what they've heard to support that finding.

>> Councilmember Kalra: Thank you, I believe I have enough information to make a decision on that. And so I want to ask you speaking on the whole thing, second part?

>> Mayor Reed: Yes please.

>> Councilmember Kalra: Yes, I just want to thank Councilmember Rocha and second the compliments of the Erickson neighborhood association, if I wasn't convinced you clearly convinced your councilmember more importantly who has put forward a proposal to move forward on that pedestrian access, the pedestrian bridge I think is critical. I think you know, especially when we're talking about the 20 -- you know this came under the 2020 plan but the reality is we have been discussing the 2040 plan we understand what our goals are and I think that this project as much as I appreciate the developer adding more greenery and more spacing and all that you know, it's still a vehicle oriented development and it's really, it doesn't have great access to public transit. I liken it to kind of the open spaces at the plant. Everyone is still driving there and then they get to get next to these open spaces. We need to get people to these commercial centers other than driving so that pedestrian access is critical in order to do that. And I do think that you know it would be -- the entitlement that currently exists just falls within that scope. However, Joe, I wanted to -- by the way very creative element that you added regarding if there's an increase in parking that extra elements have to be added. I wanted to talk to you about that. When I read your supplemental or your memo -- yes from March 17th, there is some language you included regarding the surface parking exceeded floor area is that was that based on just calculated out for this project essentially?

>> Joe Horwedel: We put the 1 to 225 in there because that is the standard that we're using for the center today. We didn't want to penalize the shopping center that, when the city lows that parking requirement to say 1 to

300 or 1 to 400 which over time we will probably get there that it will not be a continual moving target for this developer. They had certainty that that ratio that 105% or 110% related to.

>> Councilmember Kalra: That's fair. So the surface parking area, be provided above 5% over the ratio, then you indicate the additional site design and building measures mostly that have to do with environmental, either landscaping or solar or what have you. Now, the suggestion to increase that to 10%, I want to sense, because this is something that's new and I like the idea of putting some constraints on, if you don't just have parking you know spots to spread over a large acreage, is there a rhyme or reason for the 5%? Frankly I have concerns about doubling it to 10% you know, I think this is already drawing vehicle traffic by keeping the number lower, it not only encourages nonvehicle traffic but it encourages the rapid movement towards getting a pedestrian bridge which you know can certainly increase the amount of bicycle and pedestrian traffic more quickly, with that encouragement.

>> Joe Horwedel: Yes. 5%, I think, is the smallest you would ever want to go, just based on you know how sites and parking changes over time. Really from staff standpoint we thought it was important to go put a stake in the ground and start that conversation. I think the 10% is still dealing with the fundamental issue that's going on that this is the first project that's been talked about. We don't have parking maximums in our parking zones that we've been talking about. Kind of another way arounds it. From staff standpoint we needed to go somewhere so we put 5% to get rolling. I think the 10% deals with the fundamental issue and gives us a little more room and one of the challenges that the garden center and home improvement center normally we would not count that towards a parking requirement. But again how codes change over time with that 5% difference it actually gives it a little bit of room that how would we account for parking for garden center. So I think having the directive out there of what our goals are is important. And you know it really keeps something from getting, you know, taking out a major building and just putting a parking lot in. But it gives us a little more flexibility. So I am comfortable with the 10%. It's going to be workable as the first one out of the gate. As Councilmember Rocha said, warrants some longer future discussions about how we want to achieve the 40% green goals for the city.

>> Councilmember Kalra: Yeah and I appreciate Councilmember Rocha researching we do need intriguing proposal I don't think that this kind of project certainly again, without -- and I talk and I had an opportunity to talk with the applicant and talk to principal about the idea that you know we really want to create the pedestrian linkage between the two parts of the site, across the street as well because that's going to eventually link to the pedestrian bridge that's going to be there. I also have concerns I know Councilmember Rocha has addressed these directly with you which is the -- you know, the pedestrian access across Almaden. We already know I mean, how challenging that is but I know that there's been some element I brief that the developers agreed to even on the other side of Almaden to help the pedestrian access. Because that's really important in order to think about how you know, the step towards the kind of developments that we like to see and this is not I think ideal under 2040. It's -- I will hesitatingly support it because of Councilmember Rocha's commitment to the pedestrian bridge as well as the developer putting up half the initial seed money to get that moving. But these are things you have heard me talk about for a long time about moving towards. I understand this is not a designated village but I appreciate the fact that you've tried bring some elements in there that can move us in that direction and I think it's going to have to be a continued discussion as we go forward. Because as some of the speakers said, there are not that many sites left. I know we have a site that's coming in my district as well that's going to at least be surrounded by higher density housing. And with the CalTrain station there, housing very close by as well as public transit very close by. So that's why I look forward to supporting Councilmember Rocha in getting that pedestrian bridge done.

>> Mayor Reed: I'm going to support the motion. I think the environmental analysis has been fine, most of the objections, I heard tonight really have to do with some impacts to the project, the changes that it's making but I don't think their CEQA issues are significant impacts. I'm going to support the motion on the floor and I'd be happy to support the zoning. We've been trying to solve the problem of sales tax leakage in other cities, 20% of our sales tax goes to other cities, there is a project that will help us chase those sales tax dollars and be the design, when you compare the design of this project with the design of what's across the street or what's in anyplace in the city I'd say it's a vastly superior design to most of the shopping centers we have. We'll see something different when we get into the villages where we designated them but this is not one of those designated spots. I think the

staff and the applicant have done a good job working with the site on in job. I will be supporting Councilmember Rocha's motion as we get there. Councilmember Campos.

>> Councilmember Campos: Thank you mayor. Just wanted to disclose that my staff did meet with Mr. De Young and I will be supporting the motion on the floor as well as subsequent motion that comes, thanks.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. I also want to disclose that I have met with Jerry de Young. One question for Councilmember Rocha, regarding the 10%, 5%. My conversation with Jerry de Young --

>> Mayor Reed: Sorry, City Attorney has Councilmember Rocha's attention. Councilmember Rocha, Councilmember Chu is going to have a question for you.

>> Councilmember Chu: My conversation with Jerry de Young, I believe I supported 5% beyond, and throughout the proposal of using the solar panel carport, versus additional tree, as a mission of this 5% beyond the minimum requirement. I wonder, on your memo, the two A specifically increase it to 10% and the 2C specifically change your reference to solar panel carport, to solar panel on the building and also I appreciated their willingness to invest in San José, but I also heard the neighboring shopping center, the owners and the operators of the neighboring shopping centers regarding to the median design. I think more importantly for me is to protect the businesses already there. I know that the staff study don't believe there will be any impact to the neighboring business. But I mean, they are there, for many, many years, and so I just -- my gut feel is that they probably know better than what the staff can do on the paper. And also, the pedestrian access, I think that's also a very important issue to me. So I don't think I can support this motion.

>> Mayor Reed: Councilmember Constant. That started out as a question. I don't know if Councilmember Rocha had a response. Okay, Councilmember Constant.

>> Councilmember Constant: It was a question without a question mark, I think. But first of all, I want to say I did meet with the applicant, and I'm supportive of both this motion, that's on the floor, and the one that's getting ready to be made based on the memo that I've read. And I think that I also want to say I'm very supportive of the Erickson neighborhood association. It's great to see all the work you guys did and your method of presenting ear is a good model for other neighborhood associations used to get their point across. You did it very well and succinctly. I think exploring the pedestrian bridge would be a good thing for us to do. In relation to the parking we've all sat up here many times trying to get someone to have enough parking to be able to build and sometimes fighting over three or five parking spaces. And I think we have to really recognize that this is a regional center type of footprint. And the last thing we want is to have a really successful place that everyone wants to go, but everyone complains because they can't find parking. Because this is a regional draw. It's right next to a freeway and expressway. And people are going to come because of where it's situated in cars. That doesn't mean that we can't encourage people to come in other ways. But I think constraining the parking, not allowing that -- the variances as being put into the memorandum to gives the extra leeway is why we should do that so people will have an opportunity to come and we end up with a very places that are really close to the border of my direct and Pierluigi's district where that's the main complaint we get all the time of a very successful project but everyone complains about parking.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. I just wanted to ask a quick question about the regional commercial designation in the general plan. Joe, I'm assuming usually contemplates big box retail, is that right?

>> Joe Horwedel: That's correct, that is "most intensive of our sites, like Oklahoma rid is residential commerciality.

>> Councilmember Liccardo: Woo don't have any other space in the city to contemplate regional commercial? Is that fair?

>> Mayor Reed: I think we're tracking three, the property that Arcadia has and Hitachi, and actually the Istar property has entitlements for big box retail on it and then workup in North San José and looking at the VTA properties in North First Street area.

>> Councilmember Liccardo: I appreciate that. I think that's an important context as we think about the environmental implications of in prompt. Big box retail is not the wave of the few of for here in San José. We recognize it's pretty critical in terms of retail opportunity as well as sales tax generation and you know frankly in terms of the commute sheds end the amount of driving and reducing VMT in this region we recognize that we've got a lot of people driving a long way outside San José for shopping and we'd like to have them here in San José shopping and we also have a lot of people in South San José driving north to jobs and we'd like to have more jobs in South San José where people live. And it just seems to me that certainly there are competing environmental concerns here and nobody pretends that this is any model of the future that we want to see in our notions of mixed use part growth development. But I agree with Councilmember Constant. This is the intersection of Almaden expressway and 85 and until we install bike lanes on 85 we're going to have a really hard time getting a lot of walkers and cyclists to any development at this kind of intersection. It's -- I very much support the interests of the neighborhood in trying to get a bridge so we can connect the potential transit as well as the senior center and all the other amenities in the neighborhoods that are to the East. But I think we do need to recognize we went through a very exhaustive process with the entire community, thousands of people gave input through our general plan process envision 2040 and nobody pushed to change this designation to anything other than commercial, regional commercial and certainly nobody argued that this should be an urban village, to my recollection. This was not the place where anybody was viewing this to happen. So I'm going to be supportive of both the current motion as well as the memorandum contemplated by Councilmember Rocha. I appreciate his work with the neighborhoods. I also met with the applicant and I should tell Jerry de Young, you should hire the folks from Erickson, they do a great job. And I look forward to seeing how we can find some regional and local transportation cars to make that bridge happen. I think there's certainly a connection to transit and that should be a good selling point as we hunt for dollars at MTC and VTA.

>> Mayor Reed: I think that concludes our debate on the environmental clearance part of this action. So on the motion by Councilmember Rocha on the environmental review? All in favor? Opposed? I count one opposed, so that passes on asen-1 vote with three people absent. Councilmember Rocha on the zoning.

>> Councilmember Rocha: And I move that we find the project in compliance with the California Environmental Quality Act, incorporating the final language for the final EIR for the proposed project as it identifies significant and unavoidable environmental impacts and approve the proposed environmental zoning as recommended by staff and the modifications in my memo dated 3-20-12.

>> Mayor Reed: Okay we had a motion that would have been a really long one if we'd put them together. On the zoning motion, Councilmember Rocha did you want to add anything to that? Any other questions? On the motion, you've? Opposed? One opposed, one opposed, that passes on asen-1 vote Councilmember Chu voting in opposition. So that is approved. Thank you staff.

>> Joe Horwedel: Mr. Mayor, we do have one more item, street renaming tied with this also.

>> Mayor Reed: Street renaming. Item C that is the Cherry to Chynoweth approval.

>> Councilmember Rocha: I move approval.

>> Mayor Reed: I heard the motion, didn't get a second, yes Councilmember Constant has the second. Approval of street renaming.

>> Councilmember Liccardo: I have to do this because I know everybody wants to leave. We already have a Cherry. I'm just confused we're not confusing us with so many cherries.

>> Councilmember Rocha: I think he's lobbying for Liccardo avenue.

>> Mayor Reed: There are a lot of cherries. All in favor? Opposed, that concludes the business calendar for the evening. Any requests to speak on open forum. No requests to speak on open forum. That concludes our meeting, we're adjourned.