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City of San José city council meeting. Taiko.

>> Mayor Reed: Good afternoon. I'd like to call the San José city council meeting to order for March 17th, 2009. We'll start with our invocation. Councilmember Liccardo will introduce the invocator.

>> Councilmember Liccardo: Thank you, mayor. Today we have a special treat. That is San José Taiko have visited us. For those of you don't know, and I think almost everybody does know, were formed in 1993. PJ will be performing along with Franklin, Eureka and Meg. They have captivated audiences for several decades. Inspired by special Japanese drumming, San José Taiko express the beauty and spirit through drumming, transcends cultural boundaries and brings a greater understanding of Japanese culture. They have taken their special version of Taiko through the Midwest and East Coast, and performances in San José are listed online at www.taiko.org. They also have other performances listed throughout the country as well. Today they'll be performing a number called Okaido Bayashi, a traditional St. Patrick's jig. Features improvization and rhythmic interaction on a sling drum and the Taikibu which is a flute and small metallic symbols. So welcome, San José Taiko. [Drums and cymbals] ¶ flute ¶

>> Mayor Reed: It's always great to hear San José Taiko. Please stand for the pledge of allegiance. [pledge of allegiance]

>> Mayor Reed: We do have some changes to the agenda under orders of the day. Item 3.2 and 3.3 of the rules reports of February 18th and February 25th are to be deferred one week. Councilmember Liccardo, did you have a request for deferral?

>> Councilmember Liccardo: Not at this time.

>> Mayor Reed: Okay. Any other requests for changes to the agenda order? Councilmember Campos.

>> Councilmember Campos: Thank you. I'd like to ask a question, mayor. We know that we're going to be taking discussion on your message regarding the budget, do we have a time certain for that today?

>> Mayor Reed: No, we don't. It's pretty much at the end of the agenda. But there's not a lot on the agenda before we get to it.

>> Councilmember Campos: Okay, I don't know if there are a lot of people that wanted to speak on this item, doesn't look like it right now. So I'm fine with that, thank you.

>> Mayor Reed: Okay. Motion to approve the orders of the day. All in favor? Opposed? None opposed, that's approved. Just like to note that we are down three councilmembers, who are in Washington, to the national league of cities meeting, representing the City of San José on official business. Next item is closed session report, City Attorney.

>> City Attorney Doyle: The council met in closed session this morning. We were given authority to seek review by the California Supreme Court in one matter, it's the case is titled county of Santa Clara et al. vs. superior court. Injunctive relief action, vote was 7-0 with the vice mayor and councilmembers Kalra constant and Chu absent.

>> Mayor Reed: Now take up our ceremonial items. For the first one, invite Councilmember Liccardo, Kim Welsh and members of the extremely concrete company to join me at the podium. Thank you. Today we want to recognize the company with the long history in this area that's looking forward and helping San José achieve our green vision. Central concrete supply, private company, based here on Stockton avenue in district 3, Councilmember Liccardo's district, has been in existence for more than 50 years. And sometimes you say people are pillars of the community, they poured the concrete for the pillar of the community. So they've been around for a long time, have done many landmarks such as Lexington damn, San José airport, Bellarmine preparatory are all made out of central concrete materials. But these days with the use of environmentally friendly technology central concrete helps decrease greenhouse gases for the use of products and materials that have a lower carbon dioxide emissions during their production, environmental friendly technology also helps landfill capacities, helps improve the quality of concrete, helps builders achieve additional LEED points. Also great supporters of the community, supported special Olympics, Catholic charities, Ronald McDonald house. I want to commend central concrete, I have a commendation. [applause]

>> We're honored to receive this water. And all I can say is that our dad would have loved to have been here. He loved San José, as well as his dad and what have you. My grandfather. Along with all of those projects that were mentioned, the building we're in, we're very proud to have supplied the concrete. And very environmentally friendly concrete, I might say. Thank you. [applause]

>> Mayor Reed: Thank you. Well that environmentally friendly concrete helped us to get a LEED platinum rating for that building. So first City Hall in the country to have thattization so thank you. [applause]

>> Mayor Reed: I'd like to invite Councilmember Herrera, Campos Chirco and Pyle, pretty much everybody, declaring the month of March as women's history month in San José, the contributions women continue to make to our world, our country and our city. Councilmember Herrera has some more details on that.

>> Councilmember Herrera: Thank you, mayor. I'd like to thank and introduce the following people who have joined us today from the groups being honored. Marlene Bjornstrud, the women's sports initiative, Terry McLane the executive director of the YWCA of Santa Clara County, and Helen Bayashi, Kathy Linton, and others, of course I want to thank councilmembers Madison Nguyen, Judy Chirco and Nancy Pyle for joining me in this proclamation, along with Councilmember Campos. It was so popular, the teaching of women's history, that Congress passed a resolution making this integration for the entire country. We are honoring these women for their roles teaching these leaders about the past and showing these women they too can be leaders. Young pioneers teach our young women about the accomplishments of women in the country. The YWCA works towards the dual goal of eliminating racism. Strong talented and accomplished women to work as role models and inspire for their leadership and community service. Women's history month is an opportunity for us to remember the need for us recognizing and teaching the important role that women have had in the history of our country and our world. So many women have made contributions towards this, Eleanor Roosevelt, a tireless fighter for human rights and dignity, but they should know about other women who have led the way, like Elizabeth blackwell, the first woman to achieve a medical degree, Shirley Chisholm who became the first African American woman to serve in the United States Congress in 1969, Antonia Noveyo, and our own Januaryette gray Hayes, the first woman elected mayor of a big city in 1974, or my colleague, Madison Nguyen, who is the first Vietnamese woman elected to office in any city in California. Or Barbara boxer, Secretary of State Hillary Clinton, again someone from the Bay Area house speaker Nancy Pelosi. It is important that we as one of the largest cities in the country, and the capital of Silicon Valley continue to work with organizations like the pioneers, the YWCA and BOSSE to promote the education of our children in the important role women have had and continual to have in our world so we can continue to develop the next generation of female leaders. Thank you. I'm proud and honored to proclaim the month of March as women's history month of San José. I'll read the last portion of this proclamation. Whereas women have been leaders not only in securing their own rights of suffrage and equal opportunities but in the abolitionist movement, the emancipation movement, the civil rights movement and other movements, especially the peace movement which create a fair and just society for all. Therefore, Chuck Reed, the mayor of San José, together with councilmembers Judy Chirco, Nancy Pyle, Madison Nguyen and Nora Campos, present this proclamation in recognition of American women. And mayor if you would please do the honors of presenting the proclamation. [applause]

>> Mayor Reed: Next I'm going to invite Councilmember Pyle to return along with representatives of science an engineering, according former councilmember Forrest Williams, to come down to the podium. Going to proclaim March 18th as Silicon Valley science and engineering fair day in San José, as the capital of Silicon Valley, the innovation center of the world, it is important to continue to support students in the study of science and engineering. Councilmember Williams is one of our most famous 69 advertises and engineers.

>> Councilmember Pyle: With us are Alex and Devon, Vanessa, a science board member from the San José school district and of course former Councilmember Forrest Williams. I would like to just begin by telling you why we're so excited about Silicon Valley science and engineering fair day. The City of San José encourages the use of science and engineering to realize the city's green vision and to improve the quality of life for the residents of San José and Santa Clara County. It is important therefore for city to encourage students to pursue careers in science and engineering, a significant education and training in science and engineering, is needed to achieve did City's green vision. The Santa Clara Valley science and engineering fair championship is consistent with the goals of the city as the fair makes students aware of the wonders and power of science and engineering, and shows them the impact they can have in making this world a better place in which to live and play. And with us today is Forrest Williams who would like to join in and make a few comments.

>> Forrest Williams: Thank you, Councilmember Pyle, I'm honored to be back today for something I consider to be very important for the future of the city and the future of the world. We honored over 6400 students and 4400 projects, and 10,000 volunteers, to put on this science fair here in the City of San José. And it's not only San José, but Santa Clara Valley as a whole. And the more interest we can get students to take in the sciences, the solutions we have for the future will be realized. So I am very

pleased to be here. We have two students that's part of the fair. They're from Leland high school. That happens to be in your district.

>> Councilmember Pyle: Yes, it does.

>> Forrest Williams: We would like them to say a few words, please.

>> Hello. Our project involve using crickets to simulate different insects and pests in the farming community. We tested to see if there were any organic plants that could repel the bugs, and that would take the place of chemical pesticides that do hurt our environment.

>> Thank you, Eden. In today's modern world there exists an entry that is completely devoted to the battle against the insect. And they use toxic chemicals such as DDT which are harming the environment and causing adverse effects on plants, animals and humans. And so in our project, we found that basil was awfully effective in repelling crickets. We thought instead of using DDT or other toxic chemicals with which to fight insects, perhaps we could use a derivative from basil and we could have a naturally produced pesticide with which to repel insects.

>> Mayor Reed: Thank you. Who's going to get the commendation? [applause]

>> Mayor Reed: Next I'd like to invite Kim Shunk to join me at the podium. Some of you may know this, most people don't, that public service employees are by law designated as disaster service workers. So it's not just for police officers and firefighters. In a time of a crisis, city employees maybe asked to fill a variety of duties to aid citizens as we respond to the crisis so today we'd like to recognize all of our public service employees for their vital services to the San José. Kim Shunk director of our environmental services has some more information.

>> Good afternoon. The be aware campaign is a county wide initiative in which the City of San José is happy to participate. As the mayor mentioned, in the state of California, city, county and state employees are all designated as disaster service workers, immediately following a disaster, so that they can help their community respond to and recover from emergencies. As has historically been the case, the City of San José employees always step up when their community needs them. Most recently, in responding to the Alum Rock earthquake in October of 2007, or even to open heating centers and cooling centers, when the weather becomes dangerous to human health, we look forward to sharing more information with you citywide, in the coming weeks. Thank you, Mayor Reed. [applause]

>> Mayor Reed: We'll now take up the consent calendar. Are there any matters that council wishes to pull off for discussion? I have a motion to approve the consent calendar. Councilmember Oliverio. 2.5. Remove. Any others. Motion is to approve the balance of the consent calendar. All in favor? Opposed? None opposed, that's approved. Item 2.5, Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, Mayor Reed. I just wanted to say thank you to city staff, and this has been a long time Kong coming and all the residents in the north Willow Glen, greater Gardner districts are pleased. Motion to approve.

>> Mayor Reed: Item 2.5, all in favor, opposed, approved. 3.1, report of the City Manager.

>> City Manager Figone: Thank you, Mr. Mayor. Our city will likely lose Colin O'Meara to the State of Delaware. Colin has been responsible for the department that attracted more than 50 clean tech companies to San José. It is expected that the State of Delaware will soon confirm that Colin will be responsible for overseeing Delaware's environmental protection, parks and waterways, fish and wildlife, climate change efforts and energy. He's been a terrific asset to the city, and to our office of economic development, and we'll be sorry to see him go. He'll be here through mid April, and we do intend to continue to draw upon our relationship with Connell. We wish him all the best, thank you. ..

>> Mayor Reed: Item 3.5, senate bill 26, carried by senator Simitian. Pharmaceutical waste.

>> Councilmember Chirco: Move approval.

>> Mayor Reed: All in favor, all opposed, that's approved. Number 3.6, our annual housing element. Councilmember Nguyen. ..

>> Councilmember Nguyen: I have a question. Actually, I think this question is for Leslye. Sorry, Laurel. In regards to the loan from the federal government, for affordable housing development, I understand that with the uncertainty of the funding from the federal and the state budgets, what or how are we doing to maintain our lending capacity to assist with the -- with some of the projects that are in the pipeline, as well as some of the projects that are coming online?

>> Leslye Krutko: Thank you, Councilmember Nguyen. Leslye Krutko, director of housing. That's something we're working on because as you know the state has frozen all of its bond issuances. And we're working with our developers to see what projects we might be getting moving quickly. We have limited resources because of our own financial constraints and we have not been able to borrow money

ourselves. So our options are fairly limited at that point. So we're working with the state, we are working with the pool investment board, the treasure has announced that he intends to borrow \$4 billion in bonds later this month. If that indeed happens and as long as housing is made a priority in those funds for receipt of those funds, then we think that things will start to turn around. The other thing that we have done is, we've met briefly with our finance department and our city attorney's office, to start discussing ways that the city might actually try to bridge the gap in operations, until those funds are freed up. So we are looking at a number of ways to do that but right now I don't have a specific answer for you and hopefully the state's going to come through. If they start moving these funds then we don't need to do those things.

>> Councilmember Nguyen: Thank you, Leslye. Another question is regarding the mobile home repair loan program. Can you talk a little bit about how we deal -- conduct our outreach or are educating the residents on how they can qualify for such a loan?

>> Leslye Krutko: We do outreach to parks. But honestly, the number of requests that we get in exceeds our capacity. So many of our mobile home loan requests come in, really HCD, which has the jurisdiction over mobile homes. And so a lot of our work comes through those and we're just trying to make sure that the mobile home park owners can stay in their space as they're required to make these changes. So it's one of the problems we have with our rehab program as a whole, is that if we market the availability of these funds the demand is so great we don't have the resources to pay for all of the loans.

>> Councilmember Nguyen: Thank you very much.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I had a question for Laurel, we wouldn't want you feel left out. Laurel, I want to ask you, what do you think our regional housing needs assessment will be from ABAG for the coming period?

>> Laurel Prevetti: We currently have our regional housing needs for the period of 2007 to 2014. And we are presently preparing our housing element that will be before you in June of 2009. That is for a significant amount of new housing. ABAG is just now released updated projects for 2009. And they're adding additional housing to San José through the period of 2035. We don't know yet what our next RENA will be. That will be the period 2015 to 2022. That will be a whole new process. If we imagine we're still on the order of 34,000 housing units that we will probably continue at least at that pace, if not more. The good news is that San José continues to plan for our housing needs. So we are adequately suited to meet our current needs and we will be active participants in the next Rena cycle as well.

>> Councilmember Pyle: We are one of the chief driving regions of the Bay Area, would you make that assessment?

>> Laurel Prevetti: We made that statement very clearly to ABAG as they were preparing their jobs and housing projections and we were very grateful that they did modify the proposed projections to give us more jobs, to acknowledge that San Francisco, San José and Oakland are all important economically to the region. And this Thursday, the board will consider approving those projections.

>> Councilmember Pyle: Wonderful. And then how does the housing element report for 2008 relate, I guess maybe you've already answered that, to ABAG's 2009 projection? That's what we're going to go into more detail with this coming Thursday. Thank you. I answered my own question, I guess. Thank you very much.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. Just on that ABAG issue, follow up on Councilmember Pyle's question, I just want to commend Laurel for her great work. I was at the association meeting last week, and several of the mayors around the table were really grateful for the work of our Planning Department in jumping in and working with ABAG to adjust some of their numbers to deal with more realistic expectations that we felt needed to be included in that model. Thank you Laurel for your work. And Leslye, I just want to ask a quick question about the rehab programs. My understanding was, most of this money was federal. Am I mistaken about that?

>> Leslye Krutko: The majority of our rehab money, it comes from a variety of different pots. We have state money through the Cal home program, we have federal CDBG funding, we have 20% funds, those are the major sources.

>> Councilmember Liccardo: With everything that's happening in Sacramento, are these programs going to remain active this year? In other words, do we expect to actually be making grants?

>> Leslye Krutko: Oh, yes, absolutely we will be making grants, we have CDBG funding and 20% funds. The Cal home moneys right now because those are bond moneys are frozen, any new commitments of Cal home moneys.

>> Councilmember Liccardo: I'm wondering to what extent -- that's helpful. I wonder what extent we should be getting out and promoting. I suppose we're over subscribed already.

>> Leslye Krutko: Yes, absolutely.

>> Councilmember Liccardo: Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, Mayor Reed. Laurel, and I appreciate the comments made and getting ABAG to understand the San José jobs to housing imbalance. But I guess more critically, what is it that we can do to make that message loud and clear? We've been talking about this since 1976, that we have more houses than jobs, and I'm trying to clarify, you know, there's this large sense in the community that we understand we can't afford to continue in this manner because we can't generate the revenue to pay for neighborhood services. So if you could expound on some of that. Because certainly this councilperson wants to see that balance change. And we're talking about that in the general plan 2040 about having a plan for San José versus a plan for everyone else.

>> Laurel Prevetti: Thank you. There are several things existing council can do. First relating to the 2040 general plan update, we hope to bring to you on April 21st four land use scenarios that will bracket the testing that will need to occur in the environmental review process. We are looking at a variety of jobs and housing combinations, and to the councilmember's point, the task force appears to be very interested in make sure that we can come do a better balance between jobs and housing. Having said that, the committee also understands that San José's most likely going to continue to be the largest producer of housing and understanding that providing housing for all economic levels is going to be the future. The second update of senate bill 375 which will be coming forward, essentially tying how we can tie green print policies, this is another place where our ABAG representatives have a chance to have a voice in how those policies are going to be created, in fact that's another item on Thursday's agenda for ABAG. So I think we've got a role to play in the region. And then to Councilmember Liccardo's point, we are involved in the city's association working with our colleagues and others in the county, we can try harder to see whether or not they are ready to kind of improve their housing production relative to the jobs that they have already created in the community, and I think some of our lessons of how we can recycle land are certainly transferable to smaller communities. So a few things ahead for all of us.

>> Councilmember Oliverio: I appreciate the comments and if anybody has a Silicon Valley business journal on their desk, the big project is the Moffitt field project. Just concerning to me, we hear it all the time, but I think there's a disconnect on what our actions are sometimes, so I thank you for making that point. Thank you.

>> Mayor Reed: Any other questions? I do have one request from the public to speak. I'll take that now. Ross Signorino.

>> Ross Signorino: Thank you, Mr. Mayor, and members of the council. I just want to say Leslye and her group, the other lady with her, they do a fine job as far as the housing is concerned. One thing that should be mentioned, of course you do well in this, too. I think that should be brought to your attention as a reminder to yourselves and to others, that do you a wonderful job as far as affordable housing is concerned. I think that's a great thing and I think that too must be considered and increased at the same time. That must not be overlooked. I think you use quite a bit of the redevelopment agency money in that regard. I think 20% or the affordable housing people try to hold to that particular number. Now, Councilmember Oliverio just made the remark, there's building housing is great, but where are the jobs? And when he was sitting over here in this particular area, there were Councilmember Herrera was sitting, mentioned that some time ago. And I'm glad to see he didn't forget that. And that is an important point that he does make. You know, to build housing is important but the jobs have to go along with it. But at the same time, it is a catch 22 situation. Jobs will not come here if there's not housing here at the same time. So they're both working together, and it may seem like it's a fruitless endeavor to build all this housing if we don't have the jobs that go along. But again, you have to have did housing to attract industries. And I think that's a good thing. And I hope Councilmember Oliverio keeps on reminding us of that, that we do need jobs in this area to occupy these housings, that this housing that we have. Thank you very much.

>> Mayor Reed: Councilmember Chirco.

>> Councilmember Chirco: I know Councilmember Oliverio around Councilmember Liccardo and I all serve on the general plan update. And those are all information we're pondering long and hard on. I had Councilmember Liccardo made a motion to accept the report. I'd like to second that motion.

>> Mayor Reed: We have a motion to accept. All in favor? Opposed? None opposed, that's approved. That will take us to our next item, 4.4, funding commitment for the San Carlos bowl Sr. project. Before we get into that, I need to disclose that a member of my staff met with the Chrisman companies in preparation for this meeting. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you mayor. I believe there are members of the public who would like to speak on this topic.

>> Mayor Reed: I have one card ospeak, Terry Bellander and maybe another card headed this way.

>> Serious judgment should be used in considering approving advanced approval of this project. Even project planning, if there is an affordability factor component, the housing department and city attorney's office are involved, protecting and shielding the City's financial investment with the developer partner. This conflict of interest violates the intent of the community outreach and planning process throughout project completion. From this project,'s original approval in 2004, how did this city financed project move so far along without the commercial tenant's lease being developed first? The city staff was well aware of this lease, but they still chose to proceed with this project which caused the town home project to be delayed for three years causing the developer's request for even more funds which the city granted. The Sr. project will most likely be delayed for four more years until the tenants' lease expires in 2013 almost surely causing the developers to come back to the city to complete the project. Because of these numerous delays because of the lease issue and questionable city judgment it has resulted in half a project stuck in hard times. Isn't the city staff behavior and judgment what we are basing San José's future on? The numerous lawsuits, lease issues, survey boundary lines, fence issues, the lead based paint issues, the removal of tall privacy trees all are issues that the city can learn from so it never happens again. We are requesting fiesta lanes be included in the work plan for 2009-2010. The staff workers have been here for quite a while. All of you as the new troops recycle through the city every eight to ten years. This lesson will be lost to the new set of recruits without a true investigation of an impartial auditor. Thank you.

>> Mayor Reed: Chet lockwood.

>> Thank you, mayor, council. Staff. We would like to -- like to thank everybody involved for answering our questions. We feel some are left unanswered at this point. I think the director made a very, very good effort at trying to address everything that we have requested of her. We have a few things still waiting for - I'd like to thank or Councilmember, Pierluigi, for really reacting quickly to thatth. He was caught off guard, as was the community. I think that is a problem we'd like to really highlight. If it's something that this sensitive, we feel it is something that should be not on the consent calendar. This is a hot button area. At any rate, again, thank you very much to the councilmember and his staff for responding so quickly. We won't be going away from this project for a while, maybe another four or five years. We want to make sure that it's a precedent-setting project in a lot of good ways, and so far it really hasn't, so thank you very much.

>> Mayor Reed: That concludes the public comment on this item. Is there an additional staff report?

>> Leslye Krutko: Thank you, mayor. I wanted to just make a few comments about the action. The requested action is to provide a reimbursement of funds to San Carlos Willard company which is a limited partnership, for on site and offsite improvements related to this senior development. In 2002 the council approved this project and it was on the site of the former San Carlos bowl. It was configured into two developments, a for sale and senior development. As a condition of zoning the city required a number of improvements be made. Those required trenching for PG&E and cable, water improvements, sanitary sewers laterals and pipes, onsite and offsite drainage. The for-sale housing project has paid for these improvements. Now that the for-sale project is selling with more than 50% of the units sold, the senior department needs to pay its portion. The action requests the ability of for developer to pay for the already reserved funds to pay for costs associate Wednesday this project and I'm available for any questions you might have.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor Reed. I want to first thank my council colleagues for supporting the deferral of two weeks ago, so we could go ahead and ask the questions that needed to be asked. I want to thank my community members, they asked the questions that needed to be asked. And I would invite members of the community, with myself and Leslye Krutko to have an additional sit-down

meeting to just kind of understand concerns and so we can clarify things in plain, simple English. If you've been reading the questions you see they become very technical in nature on the different layers of funding for housing and the history here. And I did want to thank housing director Leslye Krutko for your expediency in answering the questions, both in the supplemental memo and the questions you answered over e-mail today, the second round of questions. We're in the housing businesses and this is the consequence of being in the business, and that's where we're at, this as you mentioned dates back do 2002. I can't say I would have supported this project because it was a conversion of employment land to housing. I thank Mayor Reed and the council for an employment land policy but we still have a loophole for affordable based on the size of the lot. As I stressed before on the other idea we have a need to retain jobs of any type to help balance out our revenue stream. Even though this isn't General Fund money, the question is still there because it's tax revenue that needs to have questions for. And in going back to some other things I've raised before, I really believe the community would embrace affordable if we remove some of the loopholes on not paying park fees and not paying building and construction fees because whether you're market rate or affordable you still enjoy open space and you still enjoy playing in a park and you still drive on the streets that the construction taxes from development helps funds. So I will be unenthusiastically supporting this, so I'll be asking for a second and move forward.

>> Mayor Reed: We have a motion to support the staff recommendation. Councilmember Chirco.

>> Councilmember Chirco: I will be supporting the motion as put forward by Councilmember Oliverio, and also, I want to thank Councilmember Oliverio, always to ask questions is appropriate. We always need to rethink, revisit, and reanalyze the processes that we have. I think that makes our processes stronger. I think there were some inappropriate behaviors that the fiesta lane neighborhood had to deal with. I think they could have been better handled, ahead of time, rather than after the fact. So thank you, Councilmember Oliverio, and I will be supporting your motion.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Mayor, I'll go ahead and disclose that my chief of staff met with Chris Neil.

>> Mayor Reed: We have a motion to approve staff recommendation, I'm sorry.

>> Leslye Krutko: I just wanted to add one comment. This project did pay parks fees and did pay construction fees, for the town house project. Those exemptions are only for lower-income units.

>> Councilmember Oliverio: Mine was to a broader question of all the affordable, since the redevelopment agency is no longer funding it.

>> Leslye Krutko: I understand. I just wanted to clarify that one point.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I had e-mail conversation with Chris Neil, I guess that's something we need to disclose? Fair enough.

>> Mayor Reed: Communication. All in favor, opposed, none opposed, that's approved. Our next item is item 6.1, report of transportation and environment committee March 2, 2009. Councilmember Liccardo chairs that committee.

>> Councilmember Liccardo: The minutes are in the packet. I ask for my colleagues' support and move to approve.

>> Mayor Reed: We have a motion to approve. All in favor. Opposed. None opposed, that's approved. Item 6.2, is the street landscape maintenance program. Jim Helmer.

>> Jim Helmer: Thank you, Mr. Mayor. Jim Helmer, director of transportation and joining me today is Kevin O'Connor, deputy over our construction maintenance and Diane Milowicki, she oversees all the landscaping and traffic control devices that we have in the city. Today we are going to actually reaffirm some of the actions that the council took back in 1994, pertaining to public landscaping assets that we have. And the actions that staff will be describing in a few minutes is really designed to help us stretch our General Fund resources, as far as we can, in terms of maintaining the public landscape area, and being concerned as to the future growth of additional public landscape. It's important to note that our landscape median island conditions have declined significantly over the years, and that's primarily to two factors. One, the growth of the inventory and second, the shrinkage of the resources to maintain that growth. So I'm going to turn it over to Kevin O'Connor today who will give a brief overview of the actions that the T & E committee took earlier this month. Kevin.

>> Good afternoon, mayor and members of the council, I have a brief presentation on our street landscape services program. There are 232 acres of landscape properties throughout the City of San José currently maintained by the City's General Fund. We have 127 acres of median islands and 105 acres of road side properties. There are also 317 acres of higher level landscapes in the city maintained

through our maintenance assessment district network. Both of the pictures here on this screen of Zanker Road and Snell Avenue are examples of properties maintained by the General Fund. In 1994, two standards of median island landscape was approved by the council for all new installations in the city. This was done mainly to ensure that any new General Fund maintained islands could be properly serviced through limited General Fund resources. These design standards are referred to as type 1 and type 2. Type 1 is illustrated by the slide on the left of Coleman avenue, standards for our General Fund islands. Two is a higher level design and is the standard for those areas where property owners agree to pay an assessment to fund the maintenance of higher level landscapes. The type 2 standards include a variety of features depending on what the property owners in the district want to and agree to pay for. The picture of airport parkway shows a typical type 2 design which includes trees, flowers and plant materials. We do have some landscape parcels maintained by the General Fund that have these amenities in them. Unfortunately, as a result of an expanding inventory and ongoing maintenance program, over the years, no properties can be maintained of type 2 at this time. The city had 190 acres of General Fund landscape properties and 33 positions to maintain them. Today, we have 232 acres, and looks like next year, based on funding projections we will be down to six positions. That is a difference of 38 acres per maintenance position in 2001 versus -- I'm sorry, 38 acres -- I'm sorry, 5.7 acres per position in 2001 versus 38 acres for next year. As a result, our General Fund maintained acres have declined to our current level of 45% in good condition. Further declines are expected next year of 20% with one in five properties being in good condition. In terms of our projected maintenance service levels we will completely shift away from active plant care such as tree and shrub pruning and maintenance. We will be focusing mostly on litter debris removal about two times per year for the majority of our parcels. Weeds will be sprayed once per year but not removed and over time we expect that weed growth will consistently increase. Finally, we anticipate that there will be an increase in complaints from our residents about the condition of our street landscaping. Unfortunately, we only have enough resources to respond to those safety-related issues. So while this seems grim, we have developed a few strategies to help us mitigate the negative impact of the ongoing budget reductions and inventory growth. The first strategy which we began to implement this year is the conversion of our type 2 General Fund parcels to type 1 design. For the most part these are older parcels whose condition has significantly deteriorated. You can see for example the conversion project on the left where we converted the landscape median island on Senter road which had overgrown ground cover and removed that and replaced it with trees and rocks and mulch. Entuse this effort we are able to reduce the number of service trips to each location as well as reducing water consumption. Our second strategy is for improving landscape projections, expanding current landscape designs. The current picture on the right is an example of a median island maintained through a maintenance assessment district. This one is located on Orchard Parkway. While we have not done any work in forming, we have maintained many acres of landscapes that have been installed in recent years which would be ideal candidates for districts. Generally in better condition than the parcels identified for our conversion efforts. As an example of how a district approach might work, I have highlighted a median island along Berryessa road, 3.5 acres of hire end median island landscaping. The landscaping is fairly new and contains a significant amount of healthy plant materials. But conditions will ultimately decline. However, we could provide higher level of service if the property owners in this area were willing to maintain it in a maintenance district. The highlighted areas, businesses, residential properties, a park and community center, the businesses include a Safeway, McDonald's, Bank of America and many others. There are about 170 residential properties that have sole access to their property from Berryessa that could potentially be part of this district. To form a new district, staff would initiate a community outreach effort, including mailings, community meetings and discussions with property owners to determine a level of support for landscaping services. Through this outreach we can understand what if any landscape design and maintenance they would like in this area and what they would be willing to pay for these services. If there is support engineering work is then initiated to determine the special benefit that each property would receive and the assessment formula that would be used to calculate the specific contribution for each property. Then a balloting process is implemented and the district can be formed if 50% plus one of the respondents vote yes in a weighted voting process. Again this is just an example and we'd need to go through a full public outreach process as well as an engineering process to determine if and how these properties could be assessed, but you get the concept of how this might work in other areas of the city. So today, we're asking the council to put two recommendations that will greatly assist us in providing landscape services throughout this city by reducing ongoing maintenance demands and cost to the

General Fund. We are recommending that, first, no new type 2 landscaping areas be installed unless an ongoing funding source for maintenance has been identified. This starts with the design phase and continues through the final acceptance phase of a landscaping installation project. We cannot properly maintain type 2 designs with existing General Fund levels and we will continue in our effort to convert type 2 areas to type 1 designs that are more easily maintained. And secondly, D.O.T. is continuing to seek resources that would expand the maintenance network, the funding for this will need to be considered among other funding priorities in next year's budget and we are asking the council to be aware of the potential for leveraging one time funding to achieve ongoing service benefits and cost reductions. At this time I'm happy to take any questions that the council might have.

>> Mayor Reed: Thank you. Seems we have some questions. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, Mayor Reed. For staff, what's been the past history of neighborhoods taking care of medians, roundabouts et cetera?

>> We have had an adopt a park system. Our experience with volunteers taking care of median islands is they typically might want to take care of a smaller property that might be closer to their home and not expand beyond that and their volunteer efforts and their attention to the landscaping needs are sometimes not consistent enough and we typically do follow up. At this point it has not been a real successful program, and we do have some concerns about what liability and traffic safety of residents being out on our median island properties.

>> Councilmember Oliverio: Okay. And then the graffiti abatement program uses youth offenders to go out and clean up graffiti. I understand they could do more of it if they had a van to bring more of them, I'm sure we have a van here somewhere. Could you foresee using that labor force that has committed crimes to clean up these median islands of weeds, et cetera?

>> We currently do use the participants from our correctional facility, elmwood to do a lot of our roadside cleanup work. So we estimate that we gain about 50,000 hours of work per year, putting that in the median islands is a concern for us for the traffic safety and the liability issues. So I would tend to think we wouldn't want to go there. But we certainly would be willing to look at what other labor resources are out there for a lot of our roadside pickup.

>> Councilmember Oliverio: If it's roughly an insurance management issue or risk management issue, do we use city workers to do the road side cleanup?

>> Yes, we do.

>> Councilmember Oliverio: Is there an effort to use youth offenders or whatever the correct terminology is for that and more for the road side medians?

>> Just thinking where we're head next year with six folks, very limited capacity. So we would have to look at our capacity to oversee and manage different resources but I think we would certainly want to look at that.

>> Councilmember Oliverio: Okay, thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. This looks like an extremely sensible approach and I applaud you for that. Because rather than let it get ahead and suddenly we have all of our medians looking pretty awful, you got out in front of it and you're doing something about it. I truly appreciate that. I wanted to ask, if the medians, they look like small stones, pebble stones that have been embedded, what category do those fall under?

>> Those would be type 1. The cobble or rock, those would be type 1 which would be hardscaped.

>> Councilmember Pyle: Those would be sprayed once a year.

>> Sprayed for weeds.

>> Councilmember Pyle: Because we do get weeds through there. That would stay in place. That's good to know. Thank you very much. Appreciate what you're doing.

>> Mayor Reed: City Manager had a comment. We have a motion to approve.

>> City Manager Figone: Kevin, I want to put you on the spot here. If we are fortunate enough to hold on to the six employees here which I know is a big if, a service model change through Councilmember Oliverio's questions, again, could you envision that those employees might be used to oversee those alternative service delivery methods?

>> Yes, and that would be very consistent with our alternative work program that we do now where we use our employees to oversee participants from the correctional facility to do a lot of our routine maintenance, cleanup around road sides. So I think that would be consistent with what we're doing now. It would just broaden the resources available to us.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Jim, I know that I asked this question at the last meeting that we had. So I'm going to ask it a little different. I know that I had asked about the urban forestry manager, and you gave me an explanation. So my question a little different. You had mentioned that we were having difficulty trying to recruit someone for that position. Can you explain to me why we were having difficulty recruiting someone, and with the budget difficulties, because I know you're recommending that this be part of the budget, for approval in this position, is it the best time to move forward on that with limited funding, and what are the benefits, if we were to move forward, versus trying to continue to move it in the manner that we've been moving it? It's a loaded question but maybe you can answer that.

>> Jim Helmer: Thank you. The city last year in its approved budget provided 1 year of funding for the hiring of an urban forestry manager that would oversee the development of an urban forestry policy, oversee all arborist activities, align our efforts across all city departments in terms of planting, inventorying, applying for grants, et cetera. However, it was just for a one-year position. And I think that was part of the reason why we had difficulty in filling it, in that many of the applicants were very well qualified. It would be that they would possibly giving up more than they might be able to gain. Moving the clock forward to the upcoming fiscal year, we are working with the manager's office and the environmental services department, and all of our other department partners, to look to see if there are any way that this type of position might qualify in another fund besides the General Fund. So it is not competing directly with ongoing General Fund activities. But it might more align to the environment, for instance. So we are under investigation on that. We -- no decisions have been made, but I'm sure in part of the mayor's -- excuse me, the City Manager's budget that will be released in May, we'll have a game plan on that position.

>> Councilmember Campos: Thank you.

>> Mayor Reed: Any other questions? We have a motion on the floor to approve. All in favor, opposed, none opposed, that's approved. Item 7.1 is the flood hazard ordinance revision. I don't think there's a staff report on that. Is there a motion?

>> Councilmember Chirco: Move approval.

>> Mayor Reed: We have a motion to approve the changes in the ordinance as recommended by staff. All in favor? Opposed? None opposed, that's approved. Next, we're going to take up on a joint City of San José redevelopment agency item, the consideration of my March budget message. Today is the day to review and discuss and take public input on this. We will not take action until next week. It's on the agenda March 24th. But today's the day to have a public discussion. This is the eighth year we faced a significant shortfall. And our Silicon Valley companies and our Silicon Valley community continue to suffer the impacts of a deep national recession. In 2008 alone, close to 11,000 jobs were lost in the San José metropolitan area. And while we lost only 11,000 jobs, our unemployment numbers went up by 40,000. Real estate performance continues to be poor, which, in turn, affects our property values and tax revenues, as well. Consumer and business spending are weak, which affects our sales tax revenues and others, also. And economists continue to predict severe recession will impact the economic performance for the rest of this year. While our problems have been compounded by national trends, we can't and shouldn't ignore the fact that our budget was -- existed for nearly a decade and will continue to persist if we don't implement fundamental changes in how we operate. We have to avoid quick fix short term solutions that will exacerbate the situation in the future. Only by make sound decisions towards economic growth and becoming more efficient that we avoid being confronted with the same dilemma year in and year out. This next fiscal year we're faced with over \$60 million shortfall which is only around 8% of the General Fund, which maybe doesn't sound like that's so much, compared to other places, it's not. But yet, it is more than twice what we spend on all of our libraries. And it's roughly equal to the entire budget for Parks, Recreation, and Neighborhood Services. So we have some pretty serious obstacles to face to try to balance this year's budget. But it's important that we make these tough decisions, and deal with these obstacles in a way that reflects the values and priorities of our community. And that's one of the reasons we've had a community based budgeting process. And the focus of my budget message is to close the budget gap, of course, because we have to do that. But we also want to preserve essential services that reflect the priorities set by our city council and our residents. This was set by our process that compares our transparency and fiscal responsibility with one of the recommendations of the Reed reforms that the council approved a few years ago. The community budget survey and the neighborhood priority setting session materials and the information results from all those have been circulated over the last several weeks. But there were some things in there I think are worthy of note. We know from last year's

community survey, that two-thirds of our residents prefer changing the way the city provides services in order to reduce costs, much more than raising taxes or reducing services. I guess that shouldn't be a surprise. But it's not always easy to do that. And in this year's survey, there's probably a relatively even split between reducing services and increasing revenues. But a community majority does show a significant support of potential one-quarter-cent sales tax, selling nonessential city property, cutting some park and recreation services or reducing funds for city employee benefits. Community majority found it unacceptable to reduce funds related to public safety, crime prevention programs, or crossing guards. There was strong interest in the community in reducing city personnel costs, postponing opening of city facilities, reducing park maintenance and streetscape landscaping, only because there's not really a choice. It's not that anybody wants to do those things. But the results of the community survey and the neighborhood priority setting session provided the framework of my budget message which is gone into in great detail. I don't want to go into the entirety of the message but there are things I want to point out. We want to discuss here today. First, additional police officers. I think we have to continue to strategically add staffing to the police department, to maximize the number of officers patrolling our neighborhoods. That is a goal that the council set in past years which is even more important with the state looking at huge budget problems and the probability of releasing prisoners early in order to save money at the state level. And our friends at that time county are having to cut services all across the city, than will generate more work for our police officers and firefighters. But there is some opportunity for funding, from the stimulus package, American recovery and reinvestment act. Increasing our patrol staffing from the funds that will be coming to us from the federal government, we can also increase our patrol staffing through increased civilianization, and airport, as the airport shrinks in staffing. So I'm recommending that we look at these opportunities as ways to increase the size of our police force and getting more officers out on patrol taking care of our community. On crossing guards, I'm recommending that we fully fund the crossing guard program, and the budget. Another area of some interest has been Healthy Neighborhood Venture Funding, in addition to the reduction in funding that was approved last year, we've had some recent settlement funds that are more or less unanticipated that will allow the Healthy Neighborhood Venture Fund to resolve some cash flow issues so we can expedite a recommendation from the General Fund deficit elimination task force, to appropriating additional money beyond the current year's allocation back into the General Fund, approximately \$1 million should be available to be transferred back to the General Fund. Another area of some interest is the convention and visitors bureau marketing funds. The city subsidizes by about \$2 million a year out of the General Fund. Given our deficit and all the problems we faced, the council should explore options to reduce that General Fund subsidy, using the average nonpublic safety reductions as a guide. If you look at the history of our subsidy, back in 2006-07 fiscal year, the T.O.T. revenues and General Fund revenues generate about \$5.3 million to the CON-VIS bureau for marketing. On top of that we had a total business improvement district which was put in place by the hotel industry that raises \$1.9 million. Last year, this current fiscal year, the T.O.T. and General Fund combined generate about \$6.3 million for the CON-VIS bureau in addition to the nearly \$2 million from the hotel B.I.D. I think there's some room in there to reduce the General Fund subsidy while still maintaining our commitment to maintaining appropriate marketing efforts when we put the hold B.I.D. into place. In addition, we have efforts already underway as a result of direction given by council in June to coordinate our marketing efforts. Those efforts looking at all of our marketing across the entire city and redevelopment agency, should yield similar size savings in all of our marketing expenditures. I'm also recommending some additional community outreach. The budget and the General Fund structural deficit elimination plans that we've looked at continue to evolve as new ideas come forward and as things happen at the state and the federal level. I'm recommending that my office and the City Manager's office conduct community outreach on the budget over the next few months. More specifically, we're trying to hit every council district with at least one meeting. We also expect suggestions to come in from the community budget working group and all those suggestions ought to be reviewed and considered to help deal with our short-term and long-term budget problems. Finally, on the use of the reserves, we're currently in a multiyear recession. I think there's no doubt about that. The only question is, how many years of recession are we facing. And our problems can't be solved entirely with one-time spending. So I'm recommending to the extent possible we use ongoing solutions wherever we can. But certainly, one-time funding sources may be used to mitigate the impact on the community, or to provide services in order to optimize our service delivery efforts. But we have to be very cautious about the use of one-time funding, first because we don't have a lot of it, and second, because we're in a multiyear problem. I want to thank especially our unions and their representatives who have been constructively engaged with us

and the City Manager. We appreciate their assistance as we try to work through a long series of problems in order to get to a solution, which we will arrive at, no matter how difficult it is, by the end of June, we will have a balanced budget. We've done it in the past. This will be the eighth year in a row that we've had to do this in difficult times. And I'm confident that the process that we have laid out will engage our community and will end up with a budget that reflects the values and priorities of our community as well as those priorities that have been set by the city council. So with that I'm happy to answer any questions council may have on the message. Do I have some requests from the public to speak and I'll certainly take those as well. Councilmember Chirco.

>> Councilmember Chirco: I thought it might be helpful if I put a motion on the floor, then have the comment. And I would like to speak to the motion after that time. So I'd like to move the budget message.

>> Second.

>> Mayor Reed: Motion is to approve the budget message. Vice Mayor Chirco.

>> Councilmember Chirco: Looking over this, and we spent a great deal of time with it, had the good fortunate to get here just in time for all of the downturn. I want to thank the mayor for the work that he's done and the lifting that he and the City Manager have done. These are tough times, that's no secret. As the mayor said, there's a lot of people to thank and there's a lot of people to support during this very challenging time. I'd like to say I look forward to seeing the budget when it comes forward. I'd be lying but the reality is, we will have to deal with it. So I do look forward to it. Because until we have a document in front of us, we can't begin to have that meaningful dialogue. I think this sets a great road map. Well, not great. How about a necessary road map. I think it addresses some of the real concerns we heard. It does preserve the crossing guards. I think that being on a school board for over ten years, you know, you want to fall on your sword first before you cut the crossing guards. I think the energy conservation peace is really important. And especially around the street lights and working with legislation, that begins to really have that dialogue about really changing how we deliver and a lot of the economic stimulus program that's coming out of D.C. is around programs that are replicatable, innovative and are cost-savings. So again, mayor, I'd like to thank you for doing the listening and the work and look forward to partnering with the council to do the heavy lifting. Thank you.

>> Mayor Reed: Thank you. We will not be voting on this motion today. We'll continue the hearing until next week. But -- and we'll take testimony today from the public on this. Councilmember Nguyen.

>> Councilmember Nguyen: Thank you. I, too, wanted to thank you, Mayor Reed, for putting together a budget message that really strongly attempts to reconcile community needs with a very limited resources that we have. And we truly appreciate your leadership in providing considerable guidance during these hard economic times. I have numerous questions regarding some different things that have been laid out in your budget message. The first one is on the foreclosure issue. Apparently we've seen a significant increase in home foreclosures, especially in East San José. And I understand that with the senate bill 1137 that was passed by the state legislator in July 2008, which requires or penalizes the banks, different banks in the amount of \$1,000 for not being able to maintain and upkeep the properties, my question is, can the city impose code enforcement fees in similar amounts on banks that own foreclosed properties but don't maintain them?

>> Mayor Reed: I'm going to let the City Attorney address that one.

>> City Attorney Doyle: That's something we're looking at. I think there are other remedies we currently have. We currently have on the books our abatement provisions. We also have unfair business practices under state law which the City of San José is entitled to go after, and we can seek up to 2500 per violation. There are other remedies. But perhaps the best thing to do is get a memo to the entire council on your question of do we have the ability to impose similar fees on code enforcement.

>> Councilmember Nguyen: Thank you, Rick. I'm really glad to know that code enforcement officers are being more active than we have traditionally been in terms of going out there and looking at the different blight in our naked. Last year we have increased the number of code officers to look at some of this issue, so I'm glad that we're being proactive in that. In regards to the fleet, the vehicle fleet that we currently have, I know that we're making transition to using alternative fuel, possibly changing to biodiesel. My question in regards to this particular issue is, is San José achieving adequate fuel efficiency in fleet and how are we doing compared to other cities?

>> City Manager Figone: I don't know that we can answer that question today for you but we will follow up with you in an info memo to the full council.

>> Councilmember Nguyen: Very good, thank you.

>> Mayor Reed: I know the hybrids are getting really good gas mileage.

>> Councilmember Nguyen: Yes, if we can move towards that trend, I think it's a great strategy. And then of course on the San José municipal stadium, we do have the San José giants here and they really do represent a gem in this city. I'm glad to know the mayor is also look at ways on how we can put more numbers into providing money for -- to look at the aging infrastructure at the municipal stadium. And this is something that I think that we should definitely continue to support, as I've always been. And then last but not least, the convention and visitors bureau. I know we're going to have a more lengthy discussion next week. But I just wanted to point out that this organization is a revenue generating organization. We're putting a lot of money into making sure that the construction and the convention center is going to look nice to bring a more vibrant image to downtown, as well as continue to generate revenue for the city. And so any kind of impact to marketing fees or funds for this project is not something that I'm willing to support. So I'm hoping that we can continue to look at ways on how we can help the convention center to block them rather than the amount of funding for the marketing services. Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. I also wanted to thank the mayor and his team for putting this together. I know there's no such thing as a good budget in times like this. This is a time that calls for sobriety, and that's the mood of the day. And it's certainly a sober approach which is what we need to get through these difficult times. I know that now that we're during the eighth consecutive year of deficits, and we're certainly through a painful recession right now, certainly drought is looming in the distance, the good news is, I haven't heard of any reports of locust, frogs, fire and hail, so our reports have not reached biblical proportion. That's the good news. The bad news is we've got tough cuts ahead. I notice Dan Fenton is here. There's the \$2 million in cuts of funding for the convention and visitors bureau. That's a live discussion. I want to encourage my colleagues not to take firm positions of what we call sacred cows at this time. The \$2 million may in fact be critical but when we hear from our neighborhoods about the cuts in services that we're going to need to put in place, some of the decisions that look incredibly impalatable today may look much more appealing, a month or two from now. So what we should do is hold back from taking positions on sacred cows at this point. Let's know that there are critical positions that are going to be cut in the coming months. I know my colleagues are aware of the critical position we are in. This is an opportunity for us and the leadership in this city needs to look at this crisis for an opportunity for a long overdue and very honest conversations about service delivery methods, about conversations we need to have, certainly with our employees about employee benefits that we have never been able to afford even before the current recession, based on the \$1.5 billion unpaid or unfunded medical retiree benefits. There are really -- there's really a need now for us to take this opportunity to examine opportunities for energy savings, those kinds of things that maybe we haven't looked at in the past, because the crisis wasn't severe enough. Certainly none of us want to see this crisis go on, but we need to really grab the bull by the horns. And so I hope that we'll do that in the coming months.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you. First of all, mayor, I want to thank you and your staff. I know you worked really hard on putting this budget message together. And I think what is helpful is that as we lead this, and are here today to have a discussion, it gives us something to speak to. So I'd like to ask a few questions. I want to talk briefly about the Mayor's Budget Message and the section that I'm looking at now is the economic development section, where you talk about in several paragraphs, about marketing and outreach. And I think one of the things that would be helpful as the City Manager moves forward in looking at this, with her staff, is that how can we combine some of these marketing efforts that are in different areas and put them under one umbrella, so that we can save some money as we move forward. And that's probably the direction we need to start looking at, is how do we just start combining some of these efforts under one umbrella, instead of having them in different departments? And I think that as we continue to market the City of San José and other entities, we can change the philosophy of looking at it under one umbrella. So that's just one thing that I'd like to recommend, and I don't know, mayor, if you have any suggestions regarding that.

>> Mayor Reed: I do. My specific -- the specific sections on page 9 under D the coordinated marketing effort, in addition to the \$2 million that goes to the Convention and Visitors Bureau, there's another \$3 million of marketing money. So there's \$5 million a year that's going into marketing, in lots of different areas in lots of different ways. And I think we need to have this coordinated market effort discussion. As part of that we ought to be able to save some money by being coordinated with those efforts. And so that

would really be the objective. We haven't established a savings target for that effort. But we at least ought to do as good in that area as we're asking our departments to do in other areas, as well.

>> Councilmember Campos: Thank you for that. The other question I have is, included under your recommendation to implement the green vision is a statement that a precedent should be given to projects that measurably create the greatest amount of advancement towards the goals of the green vision. And I believe that's on page 12. And what I wanted to ask is, in this difficult economy, I believe that maybe there should be a statement that also should say something, preference should be given to those projects with potential for the most job creation, and those that will generate the most private investment. And I think that there's a way of combining those two. And I think that would be helpful for us to be able to understand that, since we know that in your opening comments, you talked about the economy, and I know you also talked about the job losses in your budget message. So I would like to be able to see, as we move forward in this budget process, looking at job creation as well as trying to meet the goals, but combining that I really believe that it's important that we look at private investment as well as job creation. And I don't know if you have any further comments on that particular item.

>> Mayor Reed: One of our goals on the green vision is the creation of 25,000 clean tech jobs. So there is a jobs element just looking at the green vision goals. But there are potential for creating jobs beyond just the green vision jobs. But around of and I think there are other elements of the message that deal with other kinds of jobs. I'm just trying to focus our efforts on the green vision. But I would say the highest priority I've said many times is the creation of the jobs. And I think if that remains to be our highest priority, then where we can save money for the city, and generate that private investment, that's -- private investment is where it's going to create the jobs, I think. So I would agree with you, that creating the jobs and generating that private investment in this economic time is really important in terms of how we use our resources on the green vision. I think it's consistent with that.

>> Councilmember Campos: Thank you for those. In the mayor's -- and I don't know who could answer this question, because I'm not sure if it's to the mayor or maybe his staff, I know that in the mayor's budget message, he also talks about billboard advertisement, advertising, and as a means of generating more income to the city. And I know that there was a survey that was done, and it got high rates on people being supportive, about the billboards. But my question to you is how was that question asked? Because I know that we passed a policy a while back, it must have been at the old City Hall, I remember a discussion about billboards. We were trying to kind of put a hold on them or eliminate billboards because they became a blight issue in underserved communities. And I do support creating a revenue stream, but it would be helpful to understand how that was asked, and was it asked in neighborhoods or just on freeways or -- it was just too broad in how I was reading in the mayor's budget. So it would be helpful to understand how that question was presented.

>> Mayor Reed: The question in the survey about billboards was very general and focused on putting it on city-owned property so we could get the revenues. And while I generated a lot of support in the community, that's not the same thing as saying, would you like to have a billboard in your neighborhood.

>> Councilmember Campos: Right.

>> Mayor Reed: So we know how you ask the question is very important. And so there are issues, such as our existing billboard policy and what we've been trying to do for 20-some years as you correctly pointed out and the other issue is the impact of billboards on neighborhoods and where they are located. There are a lot of issues that are relative, other than legal, while it's possible to generate some revenue that way, it is not going to be easy. Los Angeles is in the middle of extended litigation and relitigation over billboard issues, and they have been losing by and large, and so they now have what are called monster billboards in some of those neighborhoods that are very offensive to some of the neighborhoods. And part of the reason they keep losing on the litigation is they have been inconsistent in how they deal with billboards, because as the City Attorney is always reminding us, you can't regulate content. There's issues about that. So there are a lot of issues around it. So I can't put big numbers on what we might be able to do. But it is something that we have to look at, because it could be significant. And we're trying to put everything on the table had a might help us get through some of these difficult problems. But putting them in every neighborhood is something that isn't feasible I believe.

>> Councilmember Campos: I think as we move forward and put everything on the table, that we also have to remember that as we move forward, we don't need to sacrifice quality of life in our neighborhoods. So I appreciate your comments to the question. But I also hope that as we move forward, that we don't sacrifice quality of life, since we worked so hard to improve the quality of life for a lot of our neighborhoods. I've just a few more questions, and I'm not sure if this one is just something that is a

statement, or if you could answer it. But as the council moves forward and I appreciate any colleague, Sam Liccardo, mentioning that we need to put everything on the table, because I think that as we move forward, this hasn't been the greatest thing to talk about, but as we move forward, I think thinking about how we use redevelopment money, as an opportunity to also help the General Fund in reallocating RDA resources, I don't know if the conversations are being held with the City Manager.

>> Mayor Reed: I can tell you the City Manager never stops talking with Harry about that issue. Every year we do this analysis and every year we work on it and sometimes we come up with good ideas to do it. So I'm recommending that we continue to have that conversation. But it's also -- has to be within the limits, that we're constrained by California law and the things we can and can't do. And it requires some creativity which the redevelopment agency has been very good at coming up with creative ways to do it and will continue do that.

>> Councilmember Campos: I think -- this is a question for the City Attorney -- as we move forward, first of all I appreciate that the two entities are talking. As we move forward on this you must have a staff person that is working and look at how the law can be used outside of the box, really thinking outside, at the same time being in compliance with the redevelopment law.

>> City Attorney Doyle: Yes, we are. And we do this almost annually. The San José B.E.S.T. program is one example, we have been very creative over the years and significant contributions from the agency have helped. We are continuing to help and we are looking within -- when the council adopts the message, that will be our charge to look at that.

>> Councilmember Campos: Thank you for that. One of my questions is, I don't know if this is directly for you mayor, but it has to do with how we generate money. And I'm not sure if the auditor's department is looking at whether businesses in the City of San José are currently paying California use taxes. I don't know if that's something that you're going to ask that department to perform an audit on that, or is it just -- is it -- is that something that has to go through a process? Maybe that's for the City Manager --

>> City Manager Figone: If I might mayor, yes, that is something that we will bring back to the budget department. We do audit through finance department, sales tax. I see Sharon and Walter nodding their head so we'll reinforce that with the staff.

>> Councilmember Campos: All right, thank you. And then finally I know these are difficult times. I'm very appreciative of the very clear direction of where you would like us to look at in your budget message. And I appreciate that we're all working together to really think outside of the box to be able to address this, at the same time, trying to maintain some of our basic services to the residents of the City of San José.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you Mayor. First, I want to thank you, mayor, for providing such clear policy direction, and in a framework for looking at the priorities for this budget cycle. This is my first budget process, and while I was reading the document, and the documents put out by the city manager's office, I have been trying to consider them always from how it affects residents, from their perspective, from their viewpoint. We are put into challenges for city services and tough choices in City Hall and neighborhoods. As I think of this I think of blanks the need of all residents, thinking outside the box all of us, making tough choices and I like the idea that we're going to get continued input from our residents. I had a few thoughts and comments as I was going through it. The terms of the economic stimulus plan. I was heartened, about the priorities, I was impressed by all of them. The economic opportunities, important to highlight. I know how small our economic development department is and how much we're asking of them. I want to move on to the incubator program which is also listed there. Just want to say, incubators are one of the most exciting long term economic development drivers happening in San José. And I appreciate the direction to further strengthen our commitment to these companies and innovation. I'm also aware of the success rate of these incubator companies. These are not necessarily the top candidates for funding. Is there a way to strengthen the programs through gross targets and companies kind of graduation, how do we assess and see them through graduating from incubator into developing into full fledged companies that can go on and really contribute to our local economy? Because if we're going to be in the business of taking risk as part of economic development I think we have to think like investors and look at what our long term plans are and how to help these companies graduate. And I'm saying this with also in mind of I'd like to bring those incubators into all parts of the city including Evergreen. So I guess I'm looking for the answer to that question from -- I'm not sure who should answer that question.

>> Mayor Reed: I can answer part of it. First if you look at our incubator programs over the long haul, and we have multiple incubator, the environmental incubator, software incubator, bioscience incubator, the environmental access center, incubator, there is a low income women's incubator run by the women's initiative, that is a new one, is not ours but have some of the same benefits. We've had about a thousand companies associated with our incubator programs and they have collectively raised nearly \$1 billion in private sector financing. So we do track the records of these companies as they come and go and grow, and become publicly traded and occupying lots of real estate in San José. But I can't give you the specifics of you know targets and numbers. I think we'll have to get the staff to put together some of that data for you.

>> Councilmember Herrera: That's great. I'd love to hear that answer. With that I'm looking forward to bring those incubators to other parts of the community. Foreclosure, foreclosure is ground drove our national economic crisis and we're no different. It is locally as well. So I think it was Councilmember Nguyen who mentioned that it's impacting San José. It's impacting 95122, this is in terms -- this happens to be in district 8, we're also impacted 95121 and 95148, with large numbers of foreclosures, and I think also district 5, district 7, district 8 are really impacted. I would like to see you know what we can do to work together to bring to bear programs that might be coming from the federal, the state or the local, to address this. I think we should focus on helping the hardest hit areas by foreclosures. And I also think we need to continue to work with outside organizations like score, Realtor organizations, and I want to compliment our neighborhood housing services for working with them and putting together preforeclosure seminars to help people avoid foreclosure. I would like to see some programs come together where we could maybe work on rehabbing those foreclosed properties, figure out how these new home home buyers can buy them, getting these foreclosed homes off the market so we don't have to rely on code enforcement to be citing them but move these properties along and get them back into affordable housing stock so that we can help our economy. In terms of the -- moving on now to parking citations, on page 17, section D, I would like to see, and maybe you're already doing this City Manager, to explore all parking citations that have not been adjusted over the next several years to see if there is any need to increase, increase those. And on the jobs, I skipped this. I love the green tech vision or green vision. And the creation of 25,000 clean tech jobs, that's a wonderful goal. And would like to see, again, you know, that we really focus on creating jobs, also echoing that of Councilmember Campos that we need to focus on job creation during this time and really give preference to the things that are creating jobs. And also I have a few acres of land or we have in Evergreen that are available for some of those high tech jobs.

>> Mayor Reed: How about 5,000, nice round number for Evergreen.

>> Councilmember Herrera: Wonderful, 5,000 of those high tech jobs come to Evergreen. The pendulum swung one way and I think it's starting to swing back. Advertising, where that should go, there is just as many -- one person's advertising is another person's blight. We do need to work that out but I think there are a number of businesses that just don't have visibility because they can't put up appropriate signage. I know there is a shopping center in my district that is invisible, it's hidden and it desperately needs signage for people to shop there. There are streets that are littered with all kinds of inappropriate signage, for garage sales, et cetera, et cetera. We need to find ways to get those removed. We need to help find ways for businesses to help advertise. That's all the comments I have. Thank you.

>> Mayor Reed: City Manager had a comment.

>> City Manager Figone: Yes, Councilmember Herrera and council, back to the foreclosure issue. Staff is involved in pulling together a variety of programs. We were just briefed the other day on this. I'm going to ask that Leslye update you through an info memo and then to the degree that you require or would like one on one briefings about your particular districts we would be happy to do that.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. There is so much in here that to -- to laud you for that I think you did a fantastic job. I wanted to refer to page 10 in reference to conducting a corporate retention, focused, I'm not quite sure how we would do that but listening and hearing what their situation is and working with them, sometimes that can lead to more business from other corporations. But some kind of incentive I think would probably be essential for attracting the-d the attraction component of the campaign. And in reference to increasing retail sales activity, I would think it would be worthwhile to be in contact with all of the managers of the local shopping centers, to see what we might do. You'd be surprised if you got free parking downtown, just a little pass, for one night, what -- how that can be an incentive. Then also, I'm very pleased to see, under the asset management component of this, that we would be working to restructure some of the existing leases, especially for nonprofit operators. Because

they are the ones that are going to be providing the services that we couldn't, in good times, afford to replicate, and we want to do whatever we can to help them along so that they can get through this, as well. I was especially -- I just wanted to make a comment about the fact that sometimes we don't toot our horns about the very good things in San José that we're doing and some of -- for example we were named as solar America city by the Department of Energy, we got a \$200,000 grant in the process. There's lots of firsts that San José has done. So I'm hoping that we can incorporate some of that good news into some of our combined marketing efforts. I think that would be a really smart way to go. And then, on the next thing that I wanted to comment -- I think I might have covered it all, but let me just take one last look. I guess that's it. So -- oh, I know what it was. In reference to HNMF, it would seem that maybe we'll have more tobacco money, does this mean more people, or are there either smoking, taking it up, is this teenage smoking? Does anybody have any idea what that is?

>> City Manager Figone: Let me take a shot and then Jennifer can add Mr. Mayor if that's okay. Basically it's a need-fund balance sort of true-up that has brought in revenue, one-time revenue. And so the idea is that we would be able to accelerate the proposal that was in the structural deficit elimination plan by, I think, a year, correct Jennifer?

>> Jennifer Maguire: You're correct, Jennifer Maguire budget director. We got a settlement in the pass, we are getting more money starting this next year, we don't have the exact amount nailed down but we can take that increment of growth of revenue and we can transfer it to the General Fund per the structural deficit elimination plan as the council desires.

>> Councilmember Pyle: So it may not be that we have more people smoking, that's good news.

>> Jennifer Maguire: It's hard to say. We don't know the source of the extra revenue but it was from the whole settlement of smoking.

>> Councilmember Pyle: Thank you very much, that's it for me.

>> Mayor Reed: I'd like to take public testimony at this time. Please come on down, when I call your name so you're close to the microphone. Ross Signorino, Dan Fenton, Teresa Alvarado.

>> Ross Signorino: Thank you, Mr. Mayor, members of the council. Sitting here, you know, listening to all of you, I agree, really, it's hard to disagree with anything, what you people said. But you know one suggestion I would make to you, this is not a joke, I mean this truly, you should take lessons in crystal ball reading to determine and look as much as you can into the future when you write contracts or make agreements with anyone. Make sure that you're able to work your way through it, that you can take necessary action, evasive action, if we get into difficulty and we should not allow ourselves to get into difficulty. For instance, the chronicle in San Francisco, jobs were being lost there, what unions had to do and workers had to take, give back something in order to keep their jobs. The same thing here, too. I'm not opposed, it would be good, actually, if we would raise a quarter-cent sales tax. But it must be specified for certain programs. Not just put in the General Fund and say no accountability. We must tell people what it's for and that's the only thing we're going to spend it on. And then another thing which is attractive when you put something like this, put a sunset on it. Sunset. Certain time it stops when we get through this. Okay? And many of you whoever mentioned it, I think it was Councilmember Chirco who talked about street lighting, increasing our street, get good street lighting, that helps law enforcement. And then at the same time, you could see what's happening in Oakland, their crime and murder and so on has gone down because they were able to put more policemen on the street. This is important, too, at the same time. That particular budget should not be cut. That's important, because just recently, our law enforcement, including here in San José, broke up that Taliban gang which seemed to be very dangerous. And that's something we --

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

>> Ross Signorino: Sorry, thank you Mr. Mayor, I hope I made my points a little bit. I should come up here in a disguise to get more than two minutes.

>> Mayor Reed: Still the same, whatever. Dan Fenton.

>> Dan Fenton: Thank you very much, I'll keep this brief. First of all, I want to thank the mayor for calling out the value of economic funds, how it has the dollars to be carefully looked at. The dollars you can carefully talk about, we want to urge the council to look at these funds very specifically in terms of the kind of results they deliver. Given an example, the City Manager and I will be sitting together tomorrow, in a host conference for the City Manager's of North America. That conversation was booked several years ago, and will be here in 2010 and have a huge impact to San José. It is that kind of effort that we want to make sure is preserved as part of the budget process. Again we want to thank you for this and urge

strongly as we work through this, we can work on the return on investment and why it's important to keep those dollars very strong. Thanks everybody.

>> Mayor Reed: Teresa Alvarado, Trish glassy and Eric Larson.

>> Good afternoon and happy St. Patrick's Day. The 50 additional community leaders who participated in these meetings this year, the group met last night and reviewed some of our brainstorm ideas as well as the Mayor's Budget Message. The group was very positive about some of the interesting proposals that you included in your message, mayor. And I'm pleased to present the current progress report from the working group which includes a seven point recession response plan. Would I like to highlight one idea from that short list, the use of RDA funding. The primary objective of RDA investments during the recession should be increased revenue to the City's General Fund. We are in an extraordinary moment with really short term challenges and possibly long term ones. We must therefore look at how we can leverage funding to reach our General Fund obligation. During this recession, we should insist on the projects that increase General Fund revenue. Those that don't, should be of benefit to San José in the long run. The renovation of public buildings to reduce energy cost, insulation of smart street lights, funding of construction projects currently slated by funding by the General Fund, projects that produce substantial General Fund revenue, and direct services it receives such as those from the city attorney's office. The progress report also includes ten ongoing budget proposals that could be implemented for the long term. A final thought. The mayor suggests an essential services fund. Particularly if that can be distributed for use over a multiyear period. We can reduce library services simply by turning one time money into ongoing revenue over the period. I want to thank the mayor for the willingness to engage public. I'll provide the report to Lee Price.

>> Mayor Reed: Thank you, the clerk will make sure we all get it. Trish glassy and Eric Larson.

>> Good afternoon honorable mayor and city council. I am Trish glassy, I'm a member of the community budget working group steering committee and president of the confidential employees organization. One of the most expensive parts of the city budget is Public Safety. And rightly so. We agree that Public Safety organizations should operate as efficiently as possible. After all, police and fire undoubtedly core services, but that does not mean that every area within the police department is a core service. To save money over the short and long term, we could look at how we reallocate resources to the absolute core needs for community. For example, by reassigning some of the staff from the mounted units and reducing responses to noninjury accidents. Some positions can in some instances be civilianized, moved out on the street and perhaps replaced by clerical staff policed by other departments, we want to stem the increasing rate of violence in our community. We can do so while still ensuring that we're getting the most for our money from public safety organizations. Thank you very much.

>> Mayor Reed: Eric Larson is our last speaker unless somebody else wants to speak. I'm down to the bottom of the cards.

>> Hello, I'm Eric Larson, with Mef chapter of AFSCME local 101. Board member of Team San José I want to share my opposition to the reduction of the Convention and Visitors Bureau funding through the he General Fund. I appreciate the mayor's leadership in safeguarding CVB funding, funding reductions to CVB will have a direct negative impact on hotel revenue to support the city General Fund, and impact convention center operations. This will also impact local jobs available. San José needs all forces focused on the new expansion and renovation project, including sales, marketing dollars, to make this investment a success. I urge the mayor and the city council to support our local economy and long term vision, and vitality, by continuing to fully fund the San José convention and visitors bureau through the General Fund. Thank you.

>> Mayor Reed: That concludes the public testimony on this item. Are there additional council questions or comments? Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, Mayor Reed. I did as well as the other councilmembers want to thank you for the guideline, goals and parameters you set up in the budget message. Trying to do the best we can and also produce the least harm as possible. The crossing guards, the case of abandoned homes, as part of the neighborhood services committee, we discussed that the code enforcement is doing that and getting about 80% of compliance from the homes, granted the fines are not \$1,000 but they eventually get there. There will be discussion on what the future redevelopment money is spent for but when you look at the redevelopment dollar, 20% goes to affordable housing, 20% goes to the county to pay them off then you get 60 cents level then 64% of that to pay back bonds. You really only have a small amount of money. I think we have got to be careful because if we spend all our money, we give examples how we spend redevelopment money to pay back the General Fund. But aggregate amount,

SNI or funding the attorneys in the attorneys office or planning people or whatever, in the end it is economic develop that bring sales tax, may not bring sales tax but may also bring utility tax et cetera, don't lose heart on that. I think the folks from the labor unions, community group, I think the labor union has done a good job in brainstorming ideas on both sides of the fence. But in the end whether it's our ideas internally or their ideas internally, we're just barely snipping at the budget. Those are about 10% of what the budget deficit really is. The reality as we all know here is it's going to come from layoffs or reducing services, putting a lot of people out on the street not working. Which is not a good time, I just got an e-mail from my friend Mark whiting and he just got laid off. We recognize the severity of the situation, bargaining units come together and understand the severity and come up with a way to save jobs and save the city money and its deficit in the interim term. We've heard in different occasions where a 5% wage cut would save \$38 million. That is more than 50% of our budget deficit. I'm not saying it has to be 5% or for every level of income but certainly freezes on salaries or taking some steps back for the few years to get us through this situation, otherwise we jeopardy city workers' livelihoods and the families they take care of and we also jeopardy the services we provide to the city. So I know we're going to move forward on a vote on this next week and then the City Manager will actually give us the concrete of what is the devil behind the large, broad statements. And those large, broad statements will account to layoffs. And so I would just appeal to everyone out there to find a way that we can all get together, and it might be a lot of 24-hour meetings in the month of May or June, but in the end we've got to find a way to make everyone happy and maintain the commitment to San José residents. Mayor, I thank you, I think you could have been more fire and brimstone on this message but I think you're trying to do it in a humane way and I thank you.

>> Mayor Reed: Thank you. There's plenty of fire and brimstone in the economy already. I don't need to add to it. I think that concludes the discussion on this item. We are not taking action today. We will continue this action a week from today on the agenda, when the council will vote on the message. That concludes the business agenda today. We have the open forum. I have a couple of cards, people want to speak on open forum. Forrest Williams, Bill James, Ross Signorino. Councilmember Williams used to threaten us that he would come back and take his two minutes. So it's good to hear that he's keeping his word. Welcome back, councilmember Williams.

>> Forrest Williams: Thank you, mayor. I thought I negotiated a three-minute. Did I miss something in the contract?

>> Mayor Reed: Yes.

>> Forrest Williams: I did. Well, I'm pleased to be back today. I'm here to ask you to come to the science fair tomorrow. The students go through a lot of work to put those projects together. And in those projects could be the answer to the future of our needs. We need to encourage our students. We need to give them -- they just want you to stop by and say hello. Just walk by their booth to say, hey, tell me what that is, tell me what. You know, and please, just help us with our students, as they embark on the future for us. And I'm here to appeal for you to -- it's in south hall at the convention center. It's our facility. We encouraged them to be there. So just come by, just come by --

>> Mayor Reed: What time?

>> Forrest Williams: It starts around, you can come by at 3:00, can you come by noon, you can -- just pick a time, come by, your convenience, come by and say hello to the students.

>> Mayor Reed: South hall at the convention center.

>> Forrest Williams: Yes. We call it the tent. The blue and white striped building. We'd really appreciate it. Bye.

>> Mayor Reed: Bill James and then Ross Signorino.

>> Hi, council. I've talked to you before about personal rapid transit and how we'd like to come and build about 3,000 jobs in San José. And if you would grant a performance standard where anybody who wants to build personal rapid transit that can beat 120 miles per gallon per passenger mile we can start building and start hiring those jobs right away. And the city staff has said that they want to go through a two- to three-year planning cycle for this and they've had since 1975 to do this where Morgantown has went into this and delivered 125 million passenger-saving miles. The gorge you should study that and look at that, also how we can when we implement this thing we can save working families about \$5,000 a year in disposable income. Then you don't have a housing problem or a foreclosure problem, if we cut transportation costs from 10,300 to about \$5,000 a year. Thanks.

>> Mayor Reed: Ross Signorino is our last speaker.

>> Ross Signorino: Thank you, Mr. Mayor, members of the council. Councilman Williams is a hard act to follow. I just wish we'd talked about the budget BP before, that it had the color of the theme of the day, green, instead of red. That's the way it goes. I wish everyone here a happy St. Paddy's day wagon that you can enjoy very much. It was interesting this gentleman talked about transportation, I didn't know much about it but if he's there in a moment I'm going to ask him what it's about. Anything that can improve that situation should be looked into. Once again happy St. Paddy's day. Bye.

>> Mayor Reed: That concludes the open forum, that concludes the items for discussion on the afternoon agenda. We'll will meet again at 7:00 to take up the evening agenda.

>> Mayor Reed: Good evening, I'd like to call the San José city council meeting back into session. We still have a few things left on the agenda for this evening to take up. But we have one ceremonial item for this evening, which I'd like to take first. On that ceremonial item I'd like to invite representatives of the American legion to join me at the podium. I think we have one more veteran on the city council. I'd like to have her join me down leer, Councilmember Herrera, we are both members of the American legion. Tonight we've got members of the American legion joining us to proclaim the week of March 15th, to 21st, as American legion week in San José, doing so in recognition of the 90th anniversary of the American legion. Represents one of the largest veterans services organization in the country. For 90 years the legion has supported the needs of veterans and their families. So we in San José value commitment and leadership, not only to veterans but to the greater community as well, they support a variety of civic organizations from boys state to the child welfare foundation, the legion continues to work well to strengthen our neighborhoods through community involvement and of course as always supporting our veterans. So on behalf of all my colleagues on the city council we want to present a proclamation, actually it's a commendation, to our legionnaires who have joined us. Thank you for your service. Okay, who's got the rank?

>> I guess I'm one of the last of the older generation, or as Mr. Liccardo said the senior generation, and I'm in the oldest post in Santa Clara County, San José post 89. It doesn't seem like yesterday, but it's been 63 years that I joined the military after World War II. And it's a joy to have served this community and to have served the veterans of California and of the United States. Other than that I'm glad to be here. I appreciate the efforts of our commander here, post 99 and our district commander here, frank Fanuki, and our other members here, who are participating in this event. I thank you very much, Mr. Mayor.

>> Mayor Reed: Thank you. [applause]

>> Mayor Reed: We have a short agenda which I think is going to get shorter with some deferrals. But first take up the consent calendar. There are a few items on the consent calendar. Are there any requests to pull items off for discussion on the consent calendar? Okay, have a motion to approve the consent calendar. All in favor? Opposed? None opposed. That's approved. Then on the agenda, we have 11.2, 11.3 and 11.4. Is anybody here to speak on those items? Let me just describe what they are. 11.2 is an administrative hearing on appeal of the Planning Commission's decision to deny a conditional use permit for a convenience store, King and Maybury, I believe. Is anybody here to speak to this item?

>> Councilmember Liccardo: I move to defer until April 7th, mayor.

>> Mayor Reed: All right, there is a second, motion to defer that item to April 7th. All in favor? Opposed? None opposed, that's approved. 11.3 --

>> Councilmember Liccardo: Also move to defer that item to April 7th. You may -- I imagine you may want to read off the title. I'm sorry.

>> Mayor Reed: Okay, motion to defer to April 7th, that is a planned development rezoning for 3 single family detached residences on .2 gross acres, I'm not really sure what the address is. Anybody here want to speak to that one? We have a motion to defer to April 7th, all in favor, opposed, none opposed, that's approved. 11.4, anybody here want to speak on 11.4, that's west side of north 11th street, east Santa Clara County Street.

>> Councilmember Liccardo: I'll move to defer that item one week.

>> Mayor Reed: Okay, we have a motion to defer for one week. All in favor? Opposed? None opposed. That's approved.

>> Lee Price: Mr. Mayor, I wanted to mention that item 11.4 will be heard in the afternoon.

>> Mayor Reed: All right. That takes us to 11.8. A rezoning of property at the Northeast corner of Juliet park drive and rosemar avenue. The applicant is here to speak on that. Is there a staff report at this time?

>> Joe Horwedel: Thank you, Mr. Mayor. Staff has several conditions that we would like to add to the project based on discussions with the applicant, and looking at the project and some questions that have come up. These predominantly relate to rosemar drive, annexed into the city, not fully improved and there have been concerns in the community about illegal parking or parking that's in the paved area. So staff is asking the prior issuance of a Public Works clearance, that the applicant would deposit funds for striping on rosemar drive, outreach for the property fronting on rosemar subject to that striping so there's clarity of the implication of that striping and illegal parking. In addition to the issuance of a grading permit the developer shall survey the property owners on both sides of rosemar drive, in their interest in constructing additional paved area, that the paved area would not be allowed in irrigation system or fenced areas and that the developer would construct those improvements or park pads at the time they were doing similar onsite work. The cost for both of those, staff is still work with the developer on a not to exceed amount and we would come back to that amount for prior to the second reading so the council would be aware of that amount. And then lastly that the development of the proposed lot for single level houses should only occur on the existing pad areas, that lots proposed with grades in excess of 5% shall be developed with natural type grading. Highways on such lots shall be processed individually through a planned development permit amendment. Such lots are allowed a single two-car driveway and garage, that the house plans be designed to follow the existing slope of the land and that retaining walls shall not exceed five feet located behind the building, three feet in front of the building, and pony walls are allowed on the exterior up to four feet. That concludes the staff presentation.

>> Mayor Reed: Let's hear the applicant.

>> Jerry Dee Young, on behalf of the applicant. Mr. Mayor, this is a very interesting development. District 5 and 8 certainly have interesting topography, it is difficult to figure out a method of meeting all of the requirements that the community has. Let me tell you that over the course of the last five years, we've had numerous meetings with the community, Councilmember Campos has participated in some of those, her staff has participated in others, and others we've just had with the community. Our proposal on the face value is for up to 17 units. I want to let you know that the planning staff has recommended in favor of the up to 17 units. I want to let you know that the Planning Commission recommended up to 17 units, with some additional conditions. I want to let you know that at the Planning Commission there was no community input suggesting that the number of units be different than what was being proposed. I'm aware that Councilmember Campos has written a memo to you suggesting that the number be limited to 13. I'm going to ask you this evening to, with all due respect to the councilmember, to recommend approval of either up to 17 or perhaps up to 15 units as a compromise. And let me tell you why. There are many times when I stand before you and others stand before you in speculative ventures and what that means is there may not be a developer standing ready to provide all the detail. In this particular case we created what we thought was a reasonable grading plan that could demonstrate how the 17 units could be put on the site. Through the Planning Commission's concern and through some additional language that councilmember -- I almost made him a councilmember, planning director Joe Horwedel suggested tonight, a future developer of this property would have to live by those, within the constraints of up to 15 or 17 units. It's not a mandatory thing. They have to demonstrate that they can meet those requirements. If they can meet those requirements then they should have the ability to construct up to 15 or 17 units. The 13 units seems to be an artificial constraint that's been placed on this and I can appreciate Councilmember Campos' concern about the density. But let me tell you the area to the South of this comprised of about 100 units is a very similar nature, built in approximately the '60s. There is a lot of walls, a lot of split level homes. This is nothing different than is already in the community. And to some degree I would suggest that because there hasn't been a community outcry relative to the number of units that we've been able to convince at least the majority of the community that this is consistent with theirs. Now, Mr. Mayor, I have one more second or two seconds. With regard to rosemar rosemar is --

>> Mayor Reed: Actually, we give the applicant five minutes so you've got two minutes left.

>> Thank you. Rosemar is a with somewhat complex situation. Up until about six or eight months ago it was a county road. When we started this process we were in a dilemma about how we could make any improvements to a county road. We worked with not only members of the community who lived on rosemar, we had special meetings with those who lived immediately adjacent to rosemar. We started working with county roads and airports staff, to see what we could do. We went out and did aerials. We sat with the Public Works and planning staff and presented the information. We didn't present what we should do but simply presented the information, and came to the conclusion of the infeasibility to make significant improvements. The reason why is again to the topography. The downhill side on the south side

of rosemar is the home, some of those homes are ten and 12 feet below the road. On the north side they're uphill. Together with over the course of the years, the people who live on rosemar, this lower rosemar as we call it have constructed private improvements within the public right-of-way. The trauma associated with going out and widening it, taking out landscaping, walls, creating different roadway situation is what I think led us to and the Public Works staff to the conclusion that there was going to be a limited ability to make changes to rosemar avenue. We entered into this discussion many years ago about doing our -- pledging our best to try to make whatever improvements we could. Joe Horwedel indicated that we have a discussion about what's the appropriate level of financial contribution to this, notwithstanding the fact that there is no nexus between this project and the improvements on rosemar. My client has been willing to contribute. Through the communities in action understand there's concern in the community of rosemar. We are willing to contribute a reasonable amount of money to be determined. There is no nexus in that. I would humbly ask the council to consider up to 17 units with the possibility of compromising at 15 units. Thank you very much, Mr. Mayor, and members of the council.

>> Mayor Reed: Does anyone else wish to speak on this item? I don't have any other cards. That will conclude the public testimony. Anything else, Mr. Horwedel? Councilmember Campos.

>> Councilmember Campos: Thank you very much, Mr. Mayor, first of all I appreciate the fact that the developer outlined how long we've been working on this project. I've been working on this project for over five years. Before I comment I'd like to put a motion on the floor and I believe my colleagues have received my memo. And the recommendation is to approve the proposed planned development, on a 26.4 acre site. The development of each of these units is subject to a planned development permit amendment for each lot, which would be reviewed in detail against the general plan hillside development policies, single family design guidelines, and residential design guidelines, and approved by the planning director. But when I was listening to the --

>> Mayor Reed: Councilmember Campos --

>> Councilmember Campos: Can I get a second?

>> Mayor Reed: I thought I heard a second. There's a second for the motion.

>> Councilmember Campos: Thank you. When I was listening to Mr. de Young state that, I was wondering if we were at the same community meetings when we started this five years ago. Because I heard some different concerns. And although we may disagree on this, when he came to my office and asked for my support on this, before it was only allowed to -- the development was only allowed for seven units on the 26.4 acres. And in listening to his comments, I'm willing to go out into the community and explore this. And also, be able to support a little more high density. It isn't the density that I'm opposed to. Because if I was, I would have not supported it the first time. But I was very clear about the amount of units that I would support, five years ago. And I have not changed my opinion in listening not only to the developer, but as well as listening -- excuse me, the lobbyist as well as listening to the community that resides in that area. They brought up a lot of concerns, there were many community meetings and there were also one on ones that I had with community members that live in the area. I would ask my colleagues to support my memo and to support the motion that I've just put down on the floor, because this is a very important -- as a councilmember, you make hard decisions. The first time I went out to increase the density there, that was a hard decision, because these are single-family homes. And the density is very low. But it did not make sense to only do seven units in this area. I had extensive conversations with our planning director around this, and Joe, I know that as we were talking about the hillside, and the fact that there isn't a current developer in this area, that if the land were to be sold, the -- we would lose some of the history on -- on the process that we've been going through, since I've been here for the past, over five years.

>> Joe Horwedel: That is correct. There is concern that staff has that because there is not a specific project that is in front of us, that one of the challenges that we face with projects like this is that they change hands several times before they actually are ready to be built. And that the legacy of the constraints that go along with the approvals tend to dissipate. That people forget about why, what was allowed up to 17 or up to 13, the concerns about hillside development. And so that's why we added some conditions about how development should follow, be built on this property. But the developer is proposing putting three homes in the area that when we did the original project had one. And it's much easier to try and make one homework on a hillside area, to try and make that work with multiple lots we do have more concerns. And so that was what we were talking about, is that had we had plans, you know, a developer who is staying in front of you would be the one that's building this, I think gives a different level of

confidence than something that just runs with the land, and we're going to be faced with whoever buys this at some point in the future. It does cause concern.

>> Councilmember Campos: Thank you. So I would respectfully ask my colleagues to please support the motion that is currently on the floor. Thank you.

>> Mayor Reed: Councilmember Campos, I just want to clarify, staff had some additional conditions that they related at the beginning of the meeting. I'm assuming your motion picks up the staff conditions and adds ones that you --

>> Councilmember Campos: I added the staff conditions. I hope the seconder would support that as well.

>> Mayor Reed: I'm going to support the motion. I want to thank Councilmember Campos for all the work she's done on this trying to bring this project into something that would work in that particular area. It's a difficult area, a lot of environmental sensitivity, hillsides, and I think 13 units is the appropriate number for there, given the amount of grading and the hillside issues as well as everything else surrounding this project. It was PD zoning I think 1994 for seven units. And I think it's important to try to find that balance with our general plan hillside policies, as well as facilitating development activity on this environmentally sensitive property. So I am going to support the motion. I think it's a good resolution to a difficult development site. There's still work to be done, if and when there's a real developer, a lot of those details still need to be worked out. But at least I think we've set a framework that the neighborhood can be comfortable with going forward. Councilmember Liccardo.

>> Councilmember Liccardo: Just a question for Councilmember Campos, to understand the rationale in getting the 13. Was it primarily the geological hazards and the grading that you were concerned with?

>> Councilmember Campos: Yes.

>> Councilmember Liccardo: Okay, thank you.

>> Mayor Reed: Other comments on the motion? We have a motion to approve as outlined by Councilmember Campos. All in favor, opposed, none opposed, that's approved. We have the open forum. Does anyone want to address us under the open forum? I think we have a couple of cards. Anybody else want to speak, please fill out a yellow card. Jere Prieto Velez.

>> Thank you, Mr. Mayor, thank you, councilmembers for giving me the chance to speak about my community. It is a big issue that I have. And capital expressway and Monterey road, there is people living under the bridge since last year, November. And I went to every single office of the city, and the county, and since they ignore me, they don't do nothing bit. They even eating and changing their clothes right there, they using that bridge as a habitat. Include they put up tents. So my community asked the city if it's possible to fix that problem. Because it is a very bad issue. And that image of San José, the biggest and safest city there, plus on top of that and hotel mission, they are affecting criminals without police checkup. So we notice that it is a very bad, our neighborhood right now. And I asking Mr. Mayor, if you city can do something for us. That's all I ask.

>> Mayor Reed: I think I'm going to ask the City Manager have a member of her staff talk to you right after the meeting. If you just wait here when we conclude the meeting, we'll get you to the right person.

>> Okay.

>> Mayor Reed: That's it on the open forum. So that concludes the meeting. We're adjourned.