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>> Commissioner Cahan: Good evening. My name is Hope Cahan, and I am the chair of the Planning Commission. On behalf of the entire Planning Commission, I would like to welcome you to the Planning Commission public hearing of Wednesday, May 2, 2012. Please remember to turn off your cell phones. Parking ticket validation machine for the garage under City Hall is located at the rear of the chambers. If you want to address the commission, fill out a speaker card located on the table by the door on the parking ticket validation table at the back, and at the bottom of the stairs near the audiovisual technician. Deposit the completed card in the basket near the planning technician. Please include the agenda item number, not the file number, for reference. For example, 4A, not PD 06-023. If you challenge these land use decisions in court, you may be limited to raising only those issues you or someone else raised at this public hearing or in written correspondence delivered to the city at or prior to the public hearing. The Planning Commission's actions on rezoning, prezonings, general plan amendments and code amendments is only advisory to City Council. The City Council will hold public hearings on these items. Let the record show that all Planning Commissioners are present expect Commissioner Kamkar, Commissioner Bit-Badal and Commissioner Platten. We have a quorum. There are no deferrals at this time. Staff were there any additions to that?

>> Joe Horwedel: No additions.

>> Commissioner Cahan: Thank you. Moving on to no consents so we'll move on to public hearing. 3A. Staff.

>> Joe Horwedel: Yes, thank you, Madam Chair. And Commissioner Bit-Badal is here. The item before you tonight is the capital improvement program. This is a little bit different structure than we have done in the past with the Planning Commission. As you know, in the last year, staff has been working with the commission on a number of study sessions to help really explain the projects that you see today in the capital improvement budget of how they ended up in the budget. Our goal is for next year, when we bring the CIP before the commission, is that to even spend more time with the commission about how this connects with the City's general plan. You'll hear some of that tonight. Of how this fits with the envision 2040 plan and how it really serves the needs of the development that the city has accommodated in the recent past. That is the source of a number of the funds that are in here. There are a large number of other projects that are important for the future of the city. And so this is one of

the charter responsibilities that the commission has. And we really want to make sure that the commission has a full opportunity to participate in not really in the past where it's been a signature one-hour type review by the commission. So we're looking at this as a new beginning for how the CIP is reviewed by the city and really following the adoption of the 2040 general plan. So you have the staff here, and to do a presentation and I'll turn it over to Michael, it's coming to you.

>> Thank you, Michael Bills, planning staff. As indicated in the CIP cover memo from staff the Planning Commission's role in reviewing the CIP is prescribed by city charter, which states that the commission shall have authority to make recommendations to the council respecting capital improvement programs. The CIP implements the goals and policy of the general plan and general plan consistency should be a consideration in the commission's review of the CIP. As Joe mentioned, thus far in 2012, the Planning Commission has engaged in two study sessions to provide the commission a better understanding of the existing framework and current challenges for alignment of the CIP with the recently adopted envision San José 2040 general plan. This CIP was well underway and in the final revisions phase as the envision plan was adopted. To help highlight these general plan framework and alignment issues I will briefly cite a few key excerpts from the status report on CIP which document incidentally was on last night's city council agenda at item 4.2. From the program overview section on page 4 the status report states "the envision San José 2040 general plan has become a primary driver providing guidance as the CIP continues its steady investment in infrastructure projects. Principally it is used as a guide to determine where to improve capacity in the sanitary sewer system. These projects create a foundation for economic development growth in many areas of the city. In addition, the general plan helps guide investments in the city and recreational facilities as the diversity and demographics of our population changes. And continuing on from the policy alignment trends and highlights section on pages 5 and 6, the status report states: With completion of the City's envision San José 2040 general plan update a number of the elements of the City's CIP require realignment to ensure consistency with the plan. These elements include the sanitary and storm sewer master plans and of particular importance are these plans of support of urban villages and north San José housing and industrial plans. Alternate modes of transportation are also an important element in the envision 2040 San José general plan. To that end the traffic CIP will be aligned to provide mobility for walkers and bicyclists as well as coordination to the VTA to provide amenities to transit users. There is a large push towards

development of bike lane projects and trails. Build-out of the trails system will provide an important regional opportunity for transportation mode-shift. Regional investments in freeway interchanges and major arterials are instrumental in providing vehicle capacity to North San José. And finally the parks and communities facilities development CIP follows the city's Greenprint of 2009 which achieves the creation of quote complete neighborhoods as envisioned in the general plan. The Greenprint lists upcoming capital projects and their priorities with a focus on trail development and constructing new park projects in neighborhoods that are park-deficient. And with that I'll turn it over to the budget office.

>> Thank you, good afternoon. Today I will share you with a brief presentation followed by high level summaries of each of the capital programs. In preparing the CIP the administration focused the City's limited resources by addressing the most immediate needs of the City's infrastructure and prioritizing funding for upgrades, expansions, and renovations with positive operation and maintenance impacts. Where possible, grants and funding from other agencies will be leveraged to stretch city funds. Alternative funding sources will also be pursued to address the increasingly critical structural deficit of unmet or deferred infrastructure needs particularly in the local street infrastructure. The city has a substantial budget approaching \$2.6 billion with over 5400 employees, the city is the fourth largest employer in San José. The focus of this presentation will be the capital budget. The budget can be broken down into three components. The General Fund supports many of the direct services to the community, including Police and Fire Services, libraries and parks and community centers. Special funds support operations that receive direct funding for that specific purpose. Such as the airport, or water pollution control plant. Capital funds support infrastructure improvements including transportation, airport, parks, library, Public Safety and storm and sanitary sewer system projects. The proposed capital budget is organized into six city service areas and 14 capital improvement programs. What is a CSA? A CSA integrates core services provided by individual departments into the City's key lines of business. There are six CSAs which are listed in the slide five of which deliver directly services and the sixth, strategic support, represents functions that provide guidance and support to the departments that deliver the direct services to the community. A historical comparison of the five year CIP shows that this CIP is just 300 million below last year's CIP level. This is down from the 2008-2012 level of over 3.1 billion when the city was in the midst of the decade of investment, when there were large specific one-time funding sources that supported specialized efforts. For instance voter-approved

bond measures for parks libraries and Public Safety purposes and the airport terminal area improvements that were primarily funded by the issuance of debt that was supported by airport revenues. It should be noted that the proposed CIP does not reflect rebudgets of unexpended funds that will be carried over in the adopted budget. Once this is accounted for the 2013-2017 CIP level is expected to be similar to the last CIP level. Source of funds for the CIP. The main source of revenue is depicted in this slide. Beginning fund balance is the largest source reflecting the continuation of projects from 2011, 2012 that are expected to be completed or initiated in the next five years. The largest beginning fund balance is in the airport capital programs at \$181 million. That reflects the airport's commercial paper capacity. Transfer is the next largest category and totals \$430 million of which a small portion, \$44 million, comes from the General Fund and mainly funds fire apparatus replacement. The rest comes from transfers from operating funds which total \$365 million and transfers from capital funds which total \$21 million. The largest transfers are for the sewer service and use charge fund to the water pollution control capital program, \$150 million, and sanitary sewer capital program at \$125 million over the five years of the CIP. Economically sensitive construction revenues which will be discussed in a few minutes, have traditionally funded major portions of the CIP, and are captured in the taxes, fees and charges category and are expected to increase by 23% compared to the last CIP. Construction and conveyance tax is one of the key taxes that support the CIP and is projected to be \$109 million for the CIP, the same level as the last CIP. Nearly 99% of the total C&C taxes are comprised of conveyance receipts, a tax based on the value of property transfers. Construction activity is increasing at a good pace and the housing market appears to be stabilizing. After experiencing moderate declines compared to prior year activity levels in the first few months of the fiscal year, C&C taxes are now showing signs of slight growth and are expected to meet or slightly exceed budget estimates for this year. Flat revenue projects reflect the stabilization of the housing market. Two other significant taxes are the building and structure and construction excise tax. The revenue and projects in this CIP are consistent with the current year's activity level. Construction excise tax, we project to receive over 65 million over the five-year period, versus 42 million that was projected in the last CIP. The increase in the revenue projections compared to the last CIP for this tax and the building and structure tax are due to the continued strength in new housing developments in North San José. For the building and structure tax we project to receive \$50 million over the five-year period versus 32 million in the last CIP. With the funding available input from the city council and community members was incorporated in this budget to ensure that the overall capital program reflects the needs and priorities of our

residents and visitors. The largest category for the use of funds is construction at 44% followed by nonconstruction at 21%. Examples of some of the significant capital projects are listed on the next several slides. Use of funds by program. Over a five year basis, here is a breakdown of expenditures by capital program. The largest capital program is the airport capital program. Reflecting a shift in focus from the many projects comprising of the terminal area improvements program to maintenance and preservation of airport structure. The construction budget in the airport capital program is \$79 million. The nonconstruction budget totals \$125 million, of which 122 million is for debt service. There remains \$143 million in the ending fund balance of which the majority is unspent bond proceeds that are available if needed. The biggest project for this capital program is the taxi way W improvements at \$39 million and is contingent upon receipt of grant funding. The next largest program is the water pollution control plant which is the main focus is to renovate and upgrade the plant infrastructure and to ensure capacity and reliability of the treatment plant process. Significant projects include digester rehabilitation and the East primary rehabilitation size my retrofit and odor control projects. The CIP attempts to balance the delivery of capital programs with the limited resources to operate and maintain existing and newly constructed facilities. In 2008 in the midst of the budget shortfalls in order to defer or reduce operations and maintenance costs capital improvement projects with an annual O&M cost over 100,000 in the General Fund had to be certified by the city council that funding would be available in the applicable year of the cost impact. There are no new projects that need to be certified in this budget process. The cost listed above is mainly driven by certified bond projects such as the new police substation and the fire station 37. The total General Fund cost ranges from \$2.5 million which is not depicted on the slide for this year, all the way ranging to \$6.2 million in the final year of the CIP. Capital improvement program highlights. Some of the highlights for this capital program include the completion of parks, community center, library and public safety bond projects. Finalization and implementation of water pollution control plant master plan, sanitary sewer and storm sewer infrastructure improvements, convention center expansion and renovation. Regional transportation expansion and unmet infrastructure needs. Speaking of unmet infrastructure needs, as reported in April 2012, there is approximately \$811 million in one-time ongoing -- \$811 million in one-time needs and \$127 million in ongoing needs of infrastructure backlog. The largest backlog is in the transportation infrastructure at \$444 million in one-time costs. And the next largest category after that is to parks, pools and open space where the backlog is \$140 million. A report detailing the infrastructure backlog and potential uses of a general obligation bond measure was

approved by the city council on April 24th and polling will be conducted in May to assess resident support for the possible inclusion in the November 2012 general election. The next several slides highlight some of the significant capital projects in each of the capital programs. For example, in the environmental and utility services CSA, the water pollution control capital program is in the CSA and the proposed budget is \$306 million. I'm happy to say that there are no expected rate increases for next year. And some of the major projects include various head work projects, the East primary clarifier re rehabilitation, size minimum retrofit and odor control project, digester rehabilitation, and the South Bay water recycling system reliability and infrastructure replacement. For the water utilities system capital program the proposed budget amounts to \$22 million and two of the largest projects can include the gumdrop drive main replacement and the Dove Road main extension. Two other programs that are included in this environmental and utility services CSA include the sanitary sewer capital program, at \$205 million, and the storm sewer capital program at \$42 million. Listed on this slide are some of the major projects. For the community and economic development capital CSA, there is only one capital program. And it's the developer-assisted projects. Which amount to \$8 million for this CIP. I've listed on the slide here some of the underground utility projects that are expected to be completed in the near -- completed or started in the near future. For the neighborhood services CSA, this includes the library capital program, at \$56 million, and one of the major projects includes the southeast branch library, also included is the acquisition of materials, automation projects and system maintenance, and then there's funding set aside for branch library fixtures, furniture and equipment. Parks and community facilities development is also in the neighborhood CSA. And the total budget amounts to \$204 million. Some of the key projects include commodore children's park, Lake Cunningham park neighborhood improvements. Allen at Steinbeck's Schofield school soccer field, Alum Rock School District sports field partnership Solari park sports field conversion, Coyote creek trail and Penitencia creek trail reach 1B. For the Public Safety capital program the total budget is \$48 million, and some of the larger projects include fire station 21 relocation, fire station 37, and fire apparatus replacement. For the transportation and aviation CSA, the airport capital program is included in the CSA, and totals \$347 million. Key projects include air field preventative pavement maintenance, air field rescue and firefighting facility, taxi way W improvements and the vehicle replacement program. For the park capital program the budget is \$6 million and includes funding for garage elevator upgrades, revenue control upgrades, and dynamic sign message upgrades. The traffic capital program is also included in this CSA and totals \$253 million. Some of the key projects include pavement maintenance, the

intelligent transportation system, transportation incident management center will be opening next year, the pedestrian improvements, traffic signal modifications and constructions, Autumn Street extension, ADA sidewalk accessibility program. BART design policy planning and construction support, route 101 Blossom Hill road upgrade design and the Montague expressway North San José county settlement agreement. There are two projects listed on the slide that are not fully funded and the two are Autumn Street extension and Montague expressway North San José county settlement agreement. Strategic support is the last CSA. Included in this CSA is communications capital program and the budget is \$7 million. It includes communications equipment replacement and upgrade. Citywide trunking radio system. And the Silicon Valley regional interoperability. For the municipal improvements capital program the funding set aside in the CIP is \$23 million. Some of the key projects is the convention center expansion and renovation, police communications emergency uninterrupted power supply, police administration building critical repairs, police administration building emergency communications center backup generator replacement, and unanticipated emergency maintenance and repairs of city facilities. For the service yards capital program, the budget totals \$205 million. And some of the key projects include the interest or some of the key items that are budgeted in this capital program include interest on phase 2 commercial paper for the central service yard construction, sale of the main yard, and debt service on phase 1 bonds for the central service yard expansion. In conclusion, the City of San José's 2013-2017 proposed CIP represents a significant investment in the City's infrastructure. Although there is not nearly enough resources available to make all the capital improvements that are necessary, the projects budgeted in this book represent a diverse range of capital projects that will benefit neighborhoods, residents, and visitors for decades to come. While preparing the city for future economic development and growth. The CIP was developed in coordination with all the CSAs and city departments responsible for the capital projects. Numerous people worked really hard to produce this document. I am pleased to say that staff from various departments are present today to answer any questions that you may have. If possible, could you please address any of your questions related to parks in the beginning of your question-and-answer portion because the representative from the parks department has another community meeting to run off to. Thank you very much.

>> Commissioner Cahan: Okay, so that concludes the staff presentation. I see no speaker cards. On this item. Are there any speakers that did not fill out a card? Okay. So I'll entertain a motion to close public hearing on

this item. Okay. Motion and second. All in favor? Any abstaining or opposed? Okay, so commissioners please keep in mind that parks has to leave early so if you have questions on that please do that first. Commissioner Kline.

>> Commissioner Kline: I'm not sure how the chair wants to approach this. Should we simply give all the comments and questions each one of us or should we -- probably that's probably the best thing to do.

>> Commissioner Cahan: Let's take all parks questions first, before we ask anything else. And then we can just -
- I think we'll go down the line.

>> Commissioner Kline: I have no parks questions.

>> Commissioner Cahan: Does anyone have a question about parks? Okay. So we do have one question. From Commissioner Bit-Badal.

>> Commissioner Bit-Badal: I don't want the staff to go home so easy are to the next meeting. I do have a question about Meis park, I know we talked about that off line, I want to have comments about it because we've had speakers come to our meetings to discuss their issues. Why are we resurfacing, changing the turf for some of our parks from natural grass to synthetic? Would you please explain that?

>> Matt Cano: Yes, thank you, Matt Cano, deputy director of Parks, Recreation, and Neighborhood Services. I'll start off with the more generic answer than the specifics of Meis park. We have a huge deficit of sports fields in the city of San José. We did a sports field feasibility four years ago. We kind of knew the results though beforehand. There's a lot more soccer players and softball players in the city of San José than fields we have. That's one problem. Another problem is it's really, really hard to maintain our sports fields with the quality that our users want and need and deserve. Most of our sports fields are single sports fields on a park, so you have one soccer field and one softball field in those locations. And when that happens especially with soccer fields we can't rotate the fields we can't move the goals around. It's really hard, even when we close the fields

temporarily for maintenance, people jump over the fences and use them. One example of a brand-new soccer field we built a few years ago was the old Hitachi site off of Cottle road. Beautiful, very well-constructed soccer field. From practically the first month it was open it was just extremely damaged. So because of that one of the things that we're moving forward with in the sports field inventory throughout the city is installing more artificial turf sports fields. What this allows us to do is it allows us to get more playability on those sports fields and the maintenance, they're you know compared to traditional grass they're practically maintenance-free, there is maintenance associated with them as well and they always stay in great condition. We are not installing artificial turf everywhere in the city, what we are doing is strategically and geographically spreading those fields out throughout the city. Probably one in every planning area of the city at least, as well as through our bond program, installing a soccer and softball artificial turf complexes. In West San José we looked around at where we could install an artificial turf field. We looked at our sports facilities, we looked at our existing parks and we at this point are moving forward with a recommendation to install artificial turf at Meis field. Soccer and softball we would be keeping that exact same use but opposed to natural grass creating artificial turf. Right now we're finalizing our staff report, we have received tremendous community feedback, we've been to the parks and recreation commission a few times, and we're working on finalizing our staff report. And when we have that finalized we'll post it for the city council approval. We don't have a firm city council date for that recommendation yet but it should be soon.

>> Commissioner Bit-Badal: Thank you so much.

>> Commissioner Cahan: Commissioner Kamkar.

>> Commissioner Kamkar: Thank you, Madam Chair. I have two questions. One is regarding the topic that Commissioner Bit-Badal brought up regarding the artificial turf. Do you have any plans to irrigate, you know not irrigate, sorry, wash the -- wash the artificial turf during non-rainy season? Because you know, one of the criticisms of this type of field was, if somebody gets injured and they get, you know, and they get like a bloody knee or something, if it's not a rainy season the next person falling on the same spot will be able to pick up the blood that was you know open the site, and horribly addressing that issue. Then the second question is, have you

thought about doubling up the parks use with detention basin use, maybe depress some possible detention basin places so they can double up and get double the use? You know of such facility? I've seen that done in other places. And --

>> Yes, thank you for your questions on the first one on artificial turf yes there are irrigation systems that are included as part of those construction projects that would wash them even when it's not raining. Your second question, yes we have the Hitachi project I mentioned off of Cottle road I mentioned, 17 acres of park that were developed, there's one five acre linear park or recreational facility there that serves as a dual park and detention basin. In addition the ten acre park which has a softball field on it the outfield of the softball field is a detention field as well. We're definitely learned some lessons from that project and there's also a third off of the -- at the Communications Hill on the northern side of the hill there's a detention basin that was kind of a dual use recreational area. It's just important for us to make sure that through our park land dedication ordinance that it's a partnership with the developers if they want to dedicate any land as a dual use and we get maximum credits out of it.

>> Commissioner Kamkar: Thank you.

>> Commissioner Cahan: I'm a little concerned about in our neighborhoods, we're in an area where there's a high use for soccer and softball. And the turf there is very degraded. And part of the explanation for that is that for budget-cut reasons water has been cut. And when water's cut then what thrives there are weeds and burrs. And that leads to the poor quality of the playing fields and the parks in general. And since we've had a very poor snow year, with only getting 40% of our snow mass and then some additional lack of rain, I'm wondering how the water issue is going to affect the parks further. And if by chance some of the problems with the areas being so desecrated by sports teams, if that could be alleviated by increasing the water back up to its natural needs in the parks?

>> Matt Cano: Thank you. As a couple-pronged answer on that. One is we're hoping to move forward soon on installing our artificial turf soccer complex at the Coleman site and we're finalizing our council recommendation,

hope to get to the city council before the end of June. That should help us alleviate some of the adult play from the parks throughout the city which could alleviate some of the damage that is being caused by the adults. The other item is in working closely with the budget office is a recommendation that came out yesterday for the operating budget to increase our department's water budget by \$400,000 leading next year, in addition we have a recommendation to reorganize our park maintenance staff to more of a team-based maintenance approach which we feel will give us better maintenance in our parks citywide and make us more efficient with the money that we have in addition to the water budget which got pretty drastically cut last year.

>> Commissioner Cahan: Do you see an issue with the water because of the potential drought?

>> Matt Cano: We -- you know by increasing our water budget it doesn't mean we're just going to start watering. We still look at there is certain areas of certain parks, Penitencia creek park in District 4 is a good example where you know, it's may -- we may or may not leave certain areas of certain parks brown but really focus on making the other areas of parks green. We don't see -- I don't see the drought impacting the condition too much. But I'd have to really kind of talk to our maintenance staff and get back to you. I do know that there are sports field projects as well as increased water budget I do feel and our parks maintenance organization that the parks will start looking much better as we head into next year.

>> Commissioner Cahan: Thank you. Commissioner Kline.

>> Commissioner Kline: I had no questions on parks. Are we moving on?

>> Commissioner Cahan: Okay, do we have any other questions on parks? Now is your chance. Commissioner Platten just joined us. Commissioner Platten do you have destiny questions about parks?

>> Commissioner Platten: I do not. I did read the draft budget thoroughly so I have no questions.

>> Commissioner Cahan: Thank you. Okay so we'll move on, and I'll just take questions from each commissioner as we go down, starting with Commissioner Kline.

>> Commissioner Kline: I appreciate that. And I'll try and make this short. I know it's 5:30, but we have a lot of people here bringing up a lot of time, and I appreciate you all being here. This is great. I also appreciate the director mentioning how important this is for the Planning Commission to make comments and questions on this besides the general plan which doesn't happen every year, this is probably the most important project we have. And most important vote we have as Planning Commissioners, is the CIP. I know that's hard to believe. This is my 10th CIP in my third city. It is the largest CIP by magnitude, and it's the shortest period of time I've ever reviewed a CIP. Given that information which are just facts, this is an interesting meeting. Because we're just -- are really just kind of briefly touching on the items. And I really appreciate the director's comments about that this is a restart, that this is going to be different next year, and I'm looking forward to the recommendations and do I have a few recommendations how to approach this and in future years. I'll get to that in a moment. But the CIP as the direct said is really an investment mechanism at least the public investment mechanism for the general plan and if the two aren't in sync, then it makes it more difficult to do the general plan. This document is well within sync as the publicly testimony indicated, that this drive is to take the limited amount of funds we have and invest into the village concept and the neighborhood concept so I'm really happy with that. Usually when you approach these documents you try to set your mind to what priority you have, and over the years I've come up with a set of priorities that I've always implemented for general plans and CIPs. First of all everybody grace its the safety, I have no particular issue about this document on safety. Depending on what your background is, and where you're coming from, my second priority has always been infrastructure. I've done this for many, many years now, infrastructure infrastructure infrastructure and basically it's like your house or your car. If you don't maintain it, the cost of repairing it and replacing it is significantly higher than if you don't maintain it. It's also just an ethical issue. This is not our stuff. It is our kids' stuff and their kids' stuff and we have a responsibility to maintain it in good repair and pass it forward. That's always why infrastructure is number 2 for me. Even though it's not the most fancy or the most exciting thing you can talk about it is critically important. Planning is third. By planning I mean the general nature of planning which includes parks and libraries and just the well designed nature of a city don't build subdivisions, build neighborhoods. Don't build strip malls, build towns. All the new urbanness things

that we've been saying for 25 years. And that's really a third component. Fourth and fifth which is always kind of interesting is economics and recreation. The theory here is if you do the first three properly economics comes and recreation facilities will be there. It's not that they're less important in the general scheme of things, it's just that in the CIP architecture or context they're not as important. If you do economic and recreation first, you don't get safety, infrastructure and planning automatically. But you can in reverse. So that's the logic here. And I always, to move safety out of the way, I always look at CIP and look at infrastructure. That is my priority. That's the way I look at things, and I'm really happy in this particular document, because I started out by comparing it to last year's CIP, and that was my first CIP in San José. And in last year's CIP, infrastructure was in there, but it was kind of buried, even the summary was kind of on page 5, you had to dig around a little bit to find, oh, my goodness, we have a huge unfunded infrastructure problem. This year it's on page 1. Big improvement on my mind that this has really been highlighted as a major problem and we want to address it as much as possible. I'm really happy that the city council and the mayor took the limited funds that we have and start putting into infrastructure. I do have a specific question, that I do know we have \$811 million of unfunded infrastructure, \$475 million of General Fund obligations, and \$172 million annual just to keep up. But the question is how much of that \$172 million have we paid into this year? That's kind of a percentage that you can answer later. So we have \$172 million annually just to keep up, \$97 million from the General Fund just to keep up. Are we keeping up this year with that \$97 million or not, and how are we? I know you broke that out for the pavement management, which I appreciate. That was very well done, but it wasn't done I don't think for the general infrastructure. That's the first question. Second question, and it's a comment, too. Comments are really important on CIPs, by the way. The comments are probably as important as the questions and answers, because we are basically recommending not as the entire city as a Planning Commission, but individually the comments go to city council. So the \$2 million add to \$23 million gives a pavement management fee of 3% CIP and that's really not fair because of the large, large investments in airport, sewer. And the question I have is, is it possible in future CIPs to break out, and other cities do it this way, break out those major business units that are really driven by bond revenue and debt service or money coming from other sources as separate business units, so that the pie charts look like this is CIP for airport. This is the CIP for the sewer system. So when you're looking at the percentage of the pie breakdowns which is the only reason we have graphics in a pie is to graph something that people can make some sense out of. But when you're lumping these major business units into the general CIP, you hide everything, basically. It becomes not

informative, it becomes disinformative, actually, to normal people looking at it. Not to you; you know it. But to people on the outside, looking at this, it says pavement, 3% of your CIP? That sounds weird. Because you look at other cities that are much bigger, but they don't have these major business units involved. So just a question if that's possible. The street maintenance is really important obviously. That's probably our number one issue facing us as far as a crisis coming down the street. We know that we don't do something about this, fairly quickly, we're going to have a major disaster on our hands. We're basically putting down payment of 20% of what's actually needed every year on pavement management and within a very short period of time we will have \$1 billion, B billion of backlog maintenance in seven, eight years. That is a massive problem on our hands. And in past years, you know the City's always looked to state or federal lump sums of money being piled in to get out of these issues. I don't think that's going to happen this time around. And I would like to see answers to how to fix this if there is no general obligation bond or property tax bond. Is there a process of re-prioritizing the CIP to look at pavement management besides just getting new revenue? So I'm really pleased that the money that is being put to pavement management is being tied back to the village concept and the general plan. That was really very, very very important to do. I'm just curious, that is the only one that throws out to me that is being tied back to the village general plan. I would like to see more things here that ties back to the general plan. Even if it's more of a summary of items at the very front, I know other CIPs in other cities have almost cartoonish characteristics at the very beginning of it, not only are the pie charts are a little bit more informative, but there usually are the statements of principle at the top. The letter is really good, it is well written, it conveys the meaning, but generally some people say these are the 15 principles in simple sentence English that conveys the general direction of, and one of those at the very top would be attention to our pavement management issue. So that's -- and then after that there's usually some cartoonish type of graphics to convey how -- those statements of principles are going to be implemented. Going -- so that's kind of a question, too, I guess. State and federal taxes haven't been raised in years. I guess the question is are we taking any effort possible to use our limited lobbying capability at the state capitol and federal governments to increase gasoline taxes? I'm not sure when the last time they were raised, but I'm sure it was quite a few years ago. And the question was, if it was pegged to inflation, would a lot of our pavement issues been resolved right now, because \$33 million from state gas and another -- anyway, a lot from gasoline, I know has been raised in ten, 15, 20 years. So that's interesting using our lobbying capability to do that. Those are my own questions. Statements are can we break down some of these business needs into

separate CIPs to help clarify and convey more information to the public? Create statements of principles that guide investment strategists and cleaner simpler way up front. I think the intent, meaning is all there just a little bit more on the front end. Simple graphic sheets that kind of strip out again the business units because these pie charts are not very informative when these business units are in there from a normal person's point of view when you have 26, 28% of your pie chart taken up by an airport which has a completely different economic structure than the rest of the city isn't making the pie chart informative. I can make the same argument for sewer system too because it supports more than just the City of San José, it goes outbound and gets revenue from all other sources. And those are the questions and generally I support this. It looks good, right direction, tied to the general plan. I guess I got one more question for director is, how can the Planning Commission be more effective in conveying our recommendation to city council in the future? Is it something like a standing committee we can set up? Is it something that each one of us has an interest that we go off and maybe break -- I'm not convinced that we will have much more time next year, I could be convinced but could we break it down into maybe I take one section someone else takes another section someone else takes another section come back and do it that way or do we get more time next year?

>> Joe Horwedel: One of the things I would like to do following the adoption of the CIP this year is devote some time with the commission about kind of what this transition year, what worked, what would you like to see differently And to involve the budget office in this discussion. And to really map out for this next year, how would we go and GED get ready for next year's CIP? I really think that starts on August 1st that we should be talking about next year's CIP and again how it matches to the investments we're doing, you know, are they fixing past problems or are they setting us full to be able to leap forward with the new plan.

>> Walter Rossmann: Commissioner Kline, Walter Rossmann, assistant budget director. I appreciate your comments and your feedback. We will see how we can incorporate in a point-by-point response if you allow me. As you probably know, the TIP program starts in October for us, which is when the planning process starts for the budget process. And so therefore starting in August with the feedback from the commission would be very helpful so we can indeed figure out how we can change our systems behind it and perhaps we won't be able to address all the issues which you may want to ask us to consider in the next CIP but maybe incremental if we get there. If

you look at the first question you had about infrastructure and how much of deferred infrastructure we are addressing this year, if we look on the ongoing piece, I don't have the number for you because the CIP is broken out and I don't have it incrementally per CIP. We have to go back and come back with you on that number on that question. The second question you talked about --

>> Commissioner Kline: I understand that, obviously you can't come back to us but the city council may find it informative.

>> Walter Rossmann: Appreciate it. You're correct the airport is very different system, very different system than the sewer or the water pollution control plant. What we're trying to do here is kind of a monitor, in front of you which shows the major CIP programs which we have and hopefully informs the public and you the commission on how we proposing to spend these dollars in the next five years. The challenge we have with giving more money to pavement is the funding source issue because any revenue which is used as a source for the airport CIP or revenue generated by the Airport has to be used for the airport as you probably know. If you look for charges we use for storm and sewer which the residents pay, that has to be used for that particular purpose. The pie chart that use is already taken away.

>> Commissioner Kline: I fully understand that, I agree there is no debate here. I'm not debating that. .

>> Walter Rossmann: I appreciate that.

>> Commissioner Kline: That ties back to the pie chart and misinformation that the pie chart kind of conveys that this is all one lump sum of money and this is the money that's coming in and this is the money coming out and all the money is equal. I know that's not true and you're just telling me that's not true, everything is tied to things. So separating them out as separate business units kind of clarifies that, no I can't use money from that business unit because that has to stay in the airport and that just kind of conveys a lot more information to people that may not be as literate as you or I.

>> Walter Rossmann: Appreciate the feedback.

>> Commissioner Kline: So again, it's kind of -- we're doing this partly for the education of the public and ourselves. It's just a recommendation if nothing else. Thank you.

>> Walter Rossmann: Thank you. And we are definitely will try to since CIP started in October of last year, part of the next CIP how we became involved how we can incorporate the 2040 general plan into the CIP. That's definitely workable with the planning department. And seems the last question you have about the gas tax lobby I'm not aware that we're doing that but I can definitely check into that and get back to you on this question.

>> Commissioner Cahan: I would like to reiterate the need for a further if nothing else education to the public. About our spending. I get many questions why are we having new signs put up in parks when we can't afford to pay police officers and why do we have doggie bags in the park when we can't give you know build a new firehouse or maintain a firehouse and so clearly, the public doesn't understand that some things like the doggie bags which are now being provided by the San José parks foundation instead of the city they don't understand why the moneys come from and how they're split up. So there is a need for us to further educate the public for that. .

>> Walter Rossmann: And I appreciate the comment. Very much aware, we are really trying to do this but there's definitely more work to do.

>> Commissioner Cahan: Thank you very much. Commissioner Kamkar.

>> Commissioner Kamkar: Thank you, Madam Chair. Just a quick note about the gas rate you were talking about. It's very true that a gas tax rate has not changed but the gas revenue has changed. It is a portion of the price and as the price goes up. I just wanted to make that clarification. My question is regarding the general plan task force 2040, I was the designate of the Planning Commission to that task force, and we talked about one of the reasons we picked the scenarios that we picked is because we wanted to put more emphasis onto generating

revenues. You know, you can, in order to balance the budget you can either cut expense or general revenues at some point you can't cut anymore, you cut all the fat you get to the bone. And so if you could explain to me you know budget you know how are we increasing the revenues you know are we incentivizing business to come in are we incentivizing the builders to come in? Can you explain to me where in the budget we are showing that we are implementing that goal? .

>> Walter Rossmann: You would not necessarily see that this in the CIP but in the operating budget what you have is the recommendation of the city council for about three quarters of a million dollars of economic incentive funds which economic development would be utilizing in a certain criteria in order to incentivize businesses to come to San José. Secondly, and maybe director can speak to this more specifically, in the few months ago the council adopted to change the construction conveyance tax rate for surgeon uses in order to try to attract certain businesses.

>> Joe Horwedel: Right, is one of the things I think where Commissioner Kline was going about how we align the CIP to what our goals are or our strategies with the city, the council said economic development is their prime directive and it's what we focus on in the world of development is number 1. What we haven't had a chance to do with the CIP is to help connect the dots. It may not be organized differently than what you saw as CSAs, but as you saw the slides in different prompts were showing up there the sanitary sewer project may for example support a village or an industrial area, and I think going into next year what I'd like to do is do a better job to actually connect the dots. These developments here are helping us move forward, these specifically are around sales tax or jobs. As Walter mentioned we have done some incentives on construction tax suspensions or waivers. We've never as an organization accounted for those well and I think they really do belong in the budget because when we do those it means dollars don't flow into here. And so they essentially should be a line item that we say we spend \$3 million on economic development incentives on tax waivers or park fee reductions, inclusionary housing reductions, that sort of stuff, because it really is part of the story.

>> Commissioner Kamkar: Excellent. Thank you for mentioning that. Sometimes, not sometimes, quite often raising the tax rate might have the opposite effect. Sometimes lowering it produces the outcome we want. Thank you for mentioning that. Thank you.

>> Commissioner Cahan: Thank you, Commissioner Yob.

>> Commissioner Yob: Thank you. I want to start by saying this is not my 10th CIP. This is in fact my first CIP. Did I do my best to prepare for this hearing by watching the hearing from last year, which was a recommendation in a fellow commissioner that I appreciate. And in my review of the document I did try and focus on consistency with the general plan. And kind of in line with a comment that Commissioner Kline made, I think that this is -- this document presents a real opportunity for us, because it's really a chance to really implement the policies of that general plan. And while I do believe it is consistent, it would be a wonderful opportunity if each of the sections, I think Commissioner Kline suggested a summary at the beginning of the document but perhaps in each of the sections like in traffic and in parking airport Public Safety et cetera, if it started with a summary about how that particular CSA was in line with the general plan or what efforts were made to align it with the general plan. I think a lot of times when you're forced to kind of sit down and think bit, you may -- it helps further the goal. So that would be a suggestion for next year. Also, I did find the study sessions that we had, the two very useful, and I would hope that we could do more of those. And you know perhaps each CSA section come and speak to us about what they're doing. For example we had a discussion about with transportation and we talked about the pavement issuing and concerned. We looked at the map of the priority street network and as I looked at the map it was helpful to have that background. I commend staff, you know, that's a really difficult issue. It was something that was brought up in the Mayor's Budget Message, it was something that was brought up by staff today, it's something on the commissioners minds as well. It's a problem because of the huge increase in cost when the maintenance is neglected. And I do think by coming up with this priority street network you've done the best you can with what we have. And that was really helpful to see that what the thought that went into that. So I do appreciate that and I would like to see more of that in connection with each of the various CSAs. I wanted to ask a question about answer since this is my first CIP I don't know a lot about these things. The Autumn Street construction project, I know in the slide it was not fully funded. I did notice in the document that there was funding

for it in the last CIP and again funding for it in this CIP. I'm just curious what that means exactly. If it means until it is fully funded it won't be commenced, if there's more funding we're looking for at this time. I'm focusing on that because I do feel it is a very important project and particularly in conjunction with the general plan as the you know downtown area, the designated growth area and I feel like that project will promote further economic development in the downtown area and help with some of the other projects that are being pushed through. So I'm curious about that.

>> Thank you. Manuel pine-da deputy director Department of Transportation. With regard to Autumn Street away we have is we broke the project down into three different phases. Coleman avenue to Julian street and phase 2 Julian street to Santa Clara street and Santa Clara South to park avenue. The total cost of the project at this point we have funded certain segments both from a property acquisition standpoint and design standpoint. The outstanding amount needed is about \$22 million. If the CIP moves forward as approved, we have approximately \$6 million for next year and that would allow us to build a phase 1 part of the project. In addition to that we have additional funds in the out years and hopefully some in next year as well that would allow us to move forward with phase 2 design and partial property acquisition. So really what we're doing is we're treating it as a phased project because the project is so large. As an aside we're also pursuing grant funds to move the project forward. So that's really the whole perspective. I did want to provide one clarification since there's a lot of interest from a pavement maintenance standpoint. I wanted to clarify that the gas tax is a flat rate per gallon. So as the gas prices increase the gas tax stays the same and it's one of the key issues that we have with funding that we do encourage electric vehicles, we encourage high mileage vehicles. So at the same time, that actually reduces the revenue so we have a positive but from a funding standpoint that's a negative so it's a hard balance that we tried to achieve.

>> Commissioner Yob: Thank you, for that comment. I have one more. In consistency with the general plan I did notice there's a significant increase in funding for bike and pedestrian development. And so I just wanted to note that you know I appreciate the effort that went into trying to do that. Because that is one of the main focuses of the 2040 general plan. Thank you.

>> Commissioner Cahan: Thank you. Commissioner Bit-Badal.

>> Commissioner Bit-Badal: Thank you, Madam Chair. I do have actually a couple of questions to ask, one is about public art portion of storm sewer. Actually let me go over the first part. Section 2-4 where you have performance measures, capital program performance measures. I was wondering about your chart here. For year 2010-11, your numbers have changed from the previous year, and I was wondering why was that the case? I hoard documents and I review from previous years to current year so it's a dangerous thing to do.

>> Commissioner, I appreciate that you are looking backwards and looking at last year's and forward, that's correct. Since I don't have the last year's budget with me I can not follow you unfortunately.

>> Commissioner Bit-Badal: Maybe you would like to prepare that before you go to the city council. Last year you have 49 projects that were within budget for 2010-11, with five being over budget. But in this year's packet that same year the numbers have changed to four being over budget and 41 being within budget. So I was just wondering what happened.

>> Walter Rossmann: Was this prepared proposed information which you have in front of you, the proposed budget or adopted budget, just to clarify from last year?

>> Commissioner Bit-Badal: Proposed, they're both proposed.

>> Walter Rossmann: Okay, so what can happen is in the proposed phase, the 10-11 was an estimated number at that time, and once we conclude the fiscal year we update it with actual numbers, and that's why there is a change reflected here.

>> Commissioner Bit-Badal: Great answer. This is really a large document. Going to the public art program can you explain in terms of public art facility, art for public facilities, what is the percentage just to remind us about the percentage that goes into public art projects?

>> The percentage is supposed to be 1% of eligible construction projects. More details on what the ordinance is, can be found in the appendix section of this book. Which is in the last section, the appendix beginning with page 1, the ordinance section is chapter 22.08 for more information. But it's 1% of eligible construction projects.

>> Commissioner Bit-Badal: And my question is, are there any changes the city council can make such as reduction or removal of public art from certain projects, how is that worded?

>> Walter Rossmann: I assume you are asking whether the council would be able to change the ordinance or a specific project?

>> Commissioner Bit-Badal: Specific projects.

>> Walter Rossmann: That's probably more legal question to answer because I'm not sure whether the council would have to change the ordinance first before they can affect the public art allocation for a specific project.

>> Commissioner Bit-Badal: That was a question that came to me from members of the public stating that some of our projects public facilities are not being really visited by members of the public such as wastewater and storm drain facilities. I mean it's not the same as the library where you're getting a lot of people visiting them so they were just questioning why are we implementing that same 1% to those facilities, when it's not a place where you take your grandma coming from out of town. Are with sure, definitely -- I'm sorry.

>> Commissioner Bit-Badal: So that was one question. But in terms of overall capital projects I will continue as to what my colleagues have stated here. I just started picking up couple things. First of all, it's a great document you put together, and much more user friendly than last year. I appreciate that. I appreciate the fact that you have really tried to do this public hearing today, it's really important to us, so we can have members of the public hear this and learn more bit rather than having in a committee room. Lastly, of course, as you saw, I always like to look back at the previous years and compare numbers. It's my construction management background. You know, you pay attention to detail as much as you pay attention to the general scope of work. But in terms of public art that's

one comment I have to make. I already made my comment about public parks which the members of the public raised to us as well. Last is street maintenance. That's something you hear all the time. I'm hearing that as I go out into the neighborhoods. And what I will ask you out into the future also look at equity of geography. I know a lot of our neighborhood streets are being neglected because we are concentrating on streets that have public transportation or economic development benefit. But a lot of our neighborhood streets especially walking a lot lately and I've been coming across a lot of neighborhood streets that need a lot of work. So I would really truly recommend into the future, revisiting neighborhood streets as well. And trying to bring equity basically, graphic equity to our districts. So my comments are about the public art. In terms of the necessity of having that 1% apply to every public facility and maybe if we are applying that 1% can be transferred into an area where actually public will go and enjoy the public art. And the second item is regarding our streets. Thank you.

>> Walter Rossmann: Let me make just one more follow-up comment commissioner. The public art, office of cultural affairs response to public art definitely try to place the art in those areas of the city which are mostly frequented by our residents. And secondly, obviously in the purview of the council to change the ordinance and allocate funds only for certain public art dollars and certain dollars for certain CIPs.

>> Commissioner Bit-Badal: Thank you.

>> Commissioner Cahan: Thank you. Commissioner Platten.

>> Commissioner Platten: This is actually my 10th CIP here in San José. So I'll take the crown for that with respect to my colleagues here. In the past, I have had many occasions to be very detailed with respect to the CIP, especially urging the council successfully in part to expend funds in a countercyclical effort in view of the recessionary conditions we faced in two occasions over the last ten years. Therefore I'm going to have a number of comments but they won't be quite as pointed this year. Let me begin by saying that what we're confronted with tonight is a plan. It's not concrete. It's not -- it's not what's going to happen. My grandfather taught me a long time ago that existence is about having a plan number one and then number 2 life happens and that's different than a plan. So I think we have to keep in mind that this is only a plan and the council throughout the course of a given

fiscal year has discretion to move off that plan as it deems fit. And that's represented by the fact that we have been over my ten years on the commission extremely conservative with respect to our expenditures for the CIP. As represented for example on chart 5 of our PowerPoint here where we talk about over a five-year period fully one-third of the fund balance is expected to come for the CIP over a five year period come from beginning fund balances. In other words, carryover, which means that fully one-third of the budget is going to be money that we planned to expend that we didn't expend amazingly enough. So we have to recall that that's how these documents operate. I think there needs to be a much more -- much greater focus on tying in individual development projects that the commission will consider over the course of the next year with capital investment needs. I can recall many projects some of which we have denied, some of which the council has denied, in which there were plans in which private developers were willing to expend very large amounts of money for capital improvements that would have otherwise fallen under the capital improvement plan. Traffic expenditures, infrastructure expenditures, very important. So we need to continue and I know the director has done more than a fair job in his career to my knowledge in trying to be aggressive with respect to the private sector's tie in with respect to infrastructure needs. We need to continue that. But I think the greatest comment I want to make with respect to this budget the general fund and the General Plan is, I think the city needs to do a much better job in terms of considering the benefits of regionalization of services and the benefits of regionalization of capital expenditures. For example regionalization of certain municipal services would cut down the expenditure spigot that Matthew talked about earlier in terms of the one means we have to balance budgets. It would also share infrastructure expenditures across the board. It would give us greater stability with respect to our cost outlines and it would give us greater ability to look at revenue-generating opportunities which we are not using to the fullest extent both in terms of this budget, in terms of the General Fund budget. Moreover picking up on what Commissioner Kline pointed out, we're not doing a good enough job with respect to federal funding. Now I realize that that's a national issue but the fact of the matter is the states of California, New York, Wisconsin, Illinois get far less in federal funds coming back as a percentage of what the taxes are that the citizens in this state pay, and the citizens of our community pay, to the federal government. That money is going to other states in a disproportionate way. And this is the state, this is the epicenter of the national economic recovery. The reason I missed last week's meeting was because of litigation I was involved in, which focused on you know who is leading the national economic recovery? It is Santa Clara County. It is San José. Which leads to another recognition that

we have some serious long term balancing issues. We are second in the United States, in San José, second highest home median price. Only Honolulu, we're ahead of New York City. This is not something to be terribly proud of. When we're considering how do we attract business. Ten years ago when I first was fortunate enough to be appointed to the commission a business survey was taken to name the three most difficult things for business to confront in the City of San José. First was housing prices. Second was quality of schools. The third was the airport. And we haven't solved the airport yet. The airport still is a -- my judgment, not to be too critical of past councils -- but I think we missed the boat in terms of the possibility of regionalizing our airport services. We've now poured a billion dollars into that plant, that operation. We now have to increase the efficiency and we have to increase the passenger load. Which means we have to look at more investment but sound investment to increase the ability to take in the kind of planes that are going to get business people and vacationers to leave San José and get directly to where they want to go. Not by an indirect second flight. So we really have to take a hard look at that business enterprise. As a comparison, if you take a look at San Francisco and SFO, SFO is now generating the same number of passenger deplanements as prior to 9/11. That's massive. They've made the complete turn around. We haven't even though we've put large amounts of money into the airport. So we really need to take a look at our business enterprise activity and address those fundamental issues. Transportation remains a critical problem. As we begin to come out of the economic doldrums you and I can see it every day in the freeways in this community. We can tell the economy's improving because it's taking us longer to get to work. We need to focus our development structure on means of closer integration of work space and live space, so that the commute time is reduced and frankly everybody in this city should be demanding whatever has to be demanded to get the BART extension on track now. And not piecemeal it over the next 15 years. We should at least, if we don't get an Oakland A's ballpark built in this city, have the ability to get to Oakland A's ballpark and AT&T ballpark on BART, in the near future, not 15 years down the road. Lastly, with respect to arts, parks, libraries, firehouses again, I think we need to look at regionalization, regionalization by the way can reduce costs in significant ways both in terms of infrastructure, expenditures and General Fund expenditures, with more oversight and accountability than contracting out to the private sector in those areas. And I think we need to look at that as recent events suggest we ought. But there's a revenue problem with respect to arts and parks. If you want to be a great city and we are still as I've said many, many times from this dais, trying to plan for the city of tomorrow. If we want to build that great city we have to build the necessary infrastructure for parks that are great, for art, facilities that reflect the

diversity of our community and we simply aren't putting the money in there that needs to be put in there. So having said all of that I agree with Commissioner Kline that as a first step this CIP actually does a better job I think than some of the others we've dealt with before but there's much to be done and many challenges yet to be faced so those are my comments.

>> Walter Rossmann: .

>> Walter Rossmann: Just one comment I want to make Commissioner Platten. The beginning fund balance, it does also include money which gets carried forward from projects that haven't been completed.

>> Commissioner Platten: Absolutely understood, that's understood, absolutely.

>> Commissioner Cahan: Thank you. Commissioner Abelite.

>> Commissioner Abelite: I do want to say, this is number 1 for me. But I do appreciate the staff's work on the budget. I do think it's very much in line with the general plan. I want to echo Commissioner Kline's comments with respect to deferred pavement maintenance. That's my biggest concern. I think we're -- it's very easy to -- you always hear about kicking the can down the street. I think this is a big one. This capital improvement project budget is four inches thick, five six years from now you can summarize it into about four, five sheets of paper in terms of dollar equivalents. That being said, I do have a couple of questions about some projects in particular. And I also want to understand a little bit more. I think I heard with respect to deferred pavement maintenance, is it -- am I correct in understanding that there's going to be some exploration as it relates to doing a bond measure or that particular line item? Did I hear that?

>> Yes, thank you for the question. Ashwini Kantak with the City Manager's office and also acting assistant director with the environmental services department. We are looking at a potential general obligation bond measure which with a focus on transportation infrastructure, but also looking at some of our needs and city facilities and parks. And we will be doing kind of the initial polling sometime in the mid may time frame. And we'll

bring back the results to council, to kind of inform the budget process and further direction in terms of going forward with the ballot measure in November, based on the results we get back.

>> Commissioner Abelite: Okay. And I'd also like to express my appreciation, director Horwedel mentioned we are going to have a bigger advanced input session that we can work and figure out how the general plan aligns with our budgets. That is very important. This gets dropped on us in four, five days. It's very hard for me to determine whether sanitary sewer system projects, or storm drain projects impact urban village deployment in the future. And I think we have to have an eye towards well, you know, is the urban village concept although it's a very noble aspiration, I think we are going to get there, perhaps we should be spending capital improvement dollars elsewhere like pavement maintenance until the viability of actually building these urban villages kind of catches up with the cost of housing and the cost of building these things. So doing these things in advance would have been more helpful as an exercise in figuring that out. I have two transportation or Public Works questions. I'd like to know more about the Blossom Hill road interchange project. What that is why it's needed. And the reason I say that is, that's kind of my sandbox. That's my area. I understand that interchange and I think how it's used and I also have a vested interest as a property owner in a custom locations down there. Frankly I don't see the need for spending that kind of money where that 5 million should be used for pavement maintenance instead of \$20 million in the future. I'd like to learn more about that project and I'd like to know about the dove little road water pipeline project. And once you answer those questions I might continue.

>> Sure. With regard to the 101 Blossom Hill project, yeah, we do have some funding in the CIP, which is really in the last two years of the CIP at this point. That improvement is related to what we call the Edenvale area development policy which set up the master plan for future growth in the Edenvale area. It's really needed as part of future growth at that location. So that's why currently the development in the Edenvale development area has not occurred so the need for the interchange is not quite there yet but it's a requirement for that city to start moving the project forward. The total cost of that project is approximately \$14 million to \$16 million look at reconstructing part of the bridge structure to fill in the gaps to create more lanes as well as full reconstruction of all the ramps. And what we're looking at doing initially is just pursuing the initial basis of the project which is a project study report and the environmental impact report and that would allow us to pursue grant funding as well

as federal funding and state funding. So really it's not a near term investment that we would make. We're looking at doing it a few years out hopefully in line with the development. But at the same time we have to take those initial steps so we can get the other funding sources for it. Otherwise we won't be ready when the funding does become available.

>> Commissioner Abelite: Understood, okay I understand that, that makes sense you now. Then the dove hill road.

>> Underwater utility?

>> Commissioner Abelite: Right.

>> Walter Rossmann: I'm not the expert for water utility so --

>> We do have staff available.

>> Commissioner Abelite: I'm guessing it's a water balance loop issue.

>> Hello, Nicole Harvey with San José municipal water. The Dove Hill Road main extension is a sort of system liability. We have two service areas in the area, the Edenvale and the Evergreen, which are currently not connected with two different supplies of water. One is well water and one is treated surface water. So it is really system reliability that's being made to allow the use of one into the other is necessary.

>> Commissioner Abelite: And that's deemed I guess from a budget point of view, since capital dollars are so expensive, or difficult to find, that's deemed to be a fairly high priority, or high enough to be in this list?

>> Walter Rossmann: Well I assume you're referring to your question before, your comment before, why don't we spend the money on pavement dollars, pavement maintenance. The challenge is funding issue. The funding

source here is water utility fees, which are paid by water utility customers, and they can only be used for that system. Either operating expense or for capital improvements, and within capital improvements there is prioritization done what's the best use of those dollars, to rehabilitate in this case the part of that infrastructure.

>> Commissioner Abelite: Thank you, that actually reinforces Commissioner Kline's comments on sources and uses of funds, those should be separate business units because that's the underlying problem for all of us myself as a commissioner to discern what is in -- my big question is tonight what is discretionary spending and in my definition of nondiscretionary spending is bonds that are raised for parks and nondiscretionary spending is also matching fund opportunities. So when you carve those two chunks of money out what do you have left as discretion? And that would be very interesting to see in terms of proportion or deferred maintenance on paving. I'm sure it's in here somewhere. Actually, that's probably one of my last questions is can you give me an idea of what the nondiscretionary amount would be out of this large CIP stripping out --

>> Walter Rossmann: I can't give you the exact dollar amount but maybe parks can.

>> Commissioner Abelite: Approximately.

>> Walter Rossmann: But really there are three funding sources which we would call can be used for general purposes, I wouldn't call them discretionary or nondiscretionary, I would reframe them differently, versus for specific purposes like water utility rates. The three are the parking, any fund generated through parking which is the part of the general parking purpose fund used for the rehabilitation of the parking garages. Then second one would be construction -- excise tax funds sorry which are used primarily for traffic capital. So those dollars go into partial pavement maintenance and traffic capital projects and the third one would be the General Fund obviously which we are fortunate in this fiscal year looking at a \$9 million surplus which we are reserving for the deficit for 13-14. And the General Fund primarily as you probably know serves to operate the city, police fire departments, parks and libraries.

>> Commissioner Abelite: All Right.

>> Walter Rossmann: And coming back, with the (inaudible) just told me it's \$100 million which are general purpose dollars of the \$1.6 million.

>> Commissioner Abelite: It's \$100 million. And our pavement deficit alone is 100 million or 80 million this year.

>> Walter Rossmann: That is correct. And then one of -- a big portion which is funded out of the General Fund is preplacing fire apparatus, these expenditures are in the capital budget, and I believe about \$40 million alone in the five-year CIP, 26 million that will be a little bit too high. Unfortunately there are very urgent needs there as well within those general purpose dollars.

>> Commissioner Abelite: Understood. I have no more questions. I do think that the CIP is a good product, work product and I appreciate our opportunity to work on it in advance a little bit more next year as it relates to the GP bringing into alignment and maybe we can shape it a little bit but thank you all for your work product.

>> Commissioner Cahan: I too want to thank you for all of your hard work on this. It is lengthy and you start working on it at the beginning of the year pretty much and just keep on going all year long. So I know it's ongoing and a lot of work and we appreciate that. I hope that we are in fact able to get some more advanced time next year, we do have this discussion every year and so far, although I think the CIP is getting easier for us to go through, we still don't have that advance time, and I hope next year we are more successful in getting that. And I too am glad that there's a focus on the infrastructure. I think at one of Commissioner Kline's first meetings he said that when businesses are looking into an area to go into they look for potholes and if there are a lot of potholes they aren't going to go in there. That really stuck with me. As I drive around I always think about that. And I've been to those areas where Commissioner Bit-Badal is talking about where I've tried to take side streets to avoid traffic and there are a lot of potholes in our city. So a pavement maintenance is really important. And I think the fact that we're all talking about pavement maintenance, not only points to the fact that we need it, but also to the success of having a study session on pavement maintenance. It's on all of our minds now. We can really relate to it. We can pick it out of here. So those study sessions do make a difference and we appreciate you coming to us

for those. We are listening we do remember so thank you for that. One minor thing, although for me I think it's large. We continue on our bike path improvements, increasing our bike paths, increasing the signage. And the clarity of bike paths, what I didn't see in here, and maybe it's too small of a detail to specifically state, or maybe I missed it, is the continued cleaning of the bike paths. And I say that, as a person who uses the bike paths. If there are those things that drop from those liquid amber trees all over the place or potholes or garbage, you can't ride there. So you have to go out of the bike path into where the cars are. The cars then are especially aggressive because they think well, you have a bike path. You shouldn't be over where I am. You should be on the bike path. Not realizing that as a cyclist you can't ride if there's -- there are impediments in the way. So I hope that we are continuing to work on the street-cleaning. And again, the payment maintenance. For all of those bike paths that we're working so hard to create and make more visible and more usable. So with that, I think that concludes our discussion. Again, thank you for all of your hard work and for coming to us and being willing to do this in the whole big session so that the public can really get a good understanding of what we hear about the budget. And I will entertain a motion here. Commissioner Kline.

>> Commissioner Kline: Move to approve the City's proposed 2013-2017 capital improvement program as recommended by staff.

>> Commissioner Cahan: We have a motion and second. No further discussion. We'll vote by light. And all commissioners who are now present voted in favor of. Thank you. And that concludes our public hearing session. Petitions and communications. We have no speaker cards. Referrals from city council, boards commissions or other agencies? None. Good and welfare, report from city council?

>> Joe Horwedel: The one item for the council, I don't know if Laurel had shared this with the commission, that the Almaden ranch project that the city has received an intent to sue or actually has sued an adjoining property owner related to the environmental impact report for the project. So we are working through the litigation process with that now.

>> Commissioner Cahan: Commissioners report from committees. The Norman Y. Mineta San José international airport noise advisory committee did not meet since I last gave a report. Review and synopsis from 4-25-12? We do not have that. So we will defer that. Subcommittee formation reports and outstanding business? Commission calendar and study sessions?

>> Joe Horwedel: Madam Chair, the follow-up on the CIP it is one we could do it either as a study session or put that on as a regular agenda item on one of your regular evening meetings. There is as well with the commission on how to proceed with that, I'd rather do that in the next meeting or two rather than waiting until August, so it's all fresh in your mind as to any thoughts you have on that.

>> Commissioner Cahan: I think it would be useful for Commissioner Platten to be there as well with all of his experience, with his ten years serving on the city Planning Commission. We're looking for a potential date at this point. I'm sure you'll be joining us via your computer. I'm sure that's a potential June meeting, June ninth, June 6th?

>> Joe Horwedel: So we could put -- so the question is would the commission like to do that early and do that as a study session or put it on the regular agenda item?

>> Commissioner Bit-Badal: I would prefer regular agenda item just so people from the outside can come to the meeting and participate after work.

>> Joe Horwedel: Staff will put it as a regular agenda item if there's no opposition.

>> Commissioner Cahan: I see no further discussion on that. Commissioner Abelite.

>> Commissioner Abelite: I do want clarification, since we have full, pushed forward and I just wanted to make or maybe the chair can talk about the schedule of that event and maybe poll the commissioners to see if they might make it --

>> Commissioner Cahan: I was going to do that next. So our next meeting we will need specific people to be here for it to actually be a quorum. And so Commissioner Kline will you be here on May 9th? Okay, Commissioner Kamkar, yes. Commissioner Platten? May 9th? Okay. All right. So it looks like we will have enough people who will be able to vote on that item. So we can move forward. I believe that that's going to be our only item.

>> Joe Horwedel: I think the agenda was short, I haven't seen the agenda but I heard it was a light agenda.

>> Commissioner Cahan: Any other questions about calendar? Okay with that we are adjourned.