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>> Mayor Reed: Good morning. I'd like to get started with our budget study session. We will pick up where we left off yesterday, if anybody remembers where we were, we'll start at exactly that spot. But I think Councilmember Constant had the floor with his questions, I don't know if he was finished with his questions or not. He had posed some questions to staff and staff was ready to answer those. They can answer them now or we can just move on until you have anything to say. So staff, anything you want to add?

>> Joe Horwedel: We are working on answering that question so I anticipate an MBA will come back.

>> Mayor Reed: Councilmember Constant?

>> Councilmember Constant: I'm done.

>> Mayor Reed: I had others that wanted to speak, I had a list but you all remember where you are. We'll start with Councilmember Rocha or Councilmember Herrera. If you're ready to go because I know that I could find my list.

>> Councilmember Herrera: Are we on environmental services yet?

>> Mayor Reed: No.

>> Councilmember Herrera: Oh, okay.

>> Mayor Reed: We're still on OED.

>> Councilmember Herrera: I wanted to say something about bike to work.

>> Mayor Reed: Did you bike to work today?

>> Councilmember Herrera: 8.3 miles from Evergreen. I want to thank the Department of Transportation at Evergreen. It's a really -- it's a great opportunity. I'm just glad I can do it that I'm able to get on a bike and ride. It's a wonderful perspective. I encourage everybody to try it sometime.

>> Mayor Reed: As long as we are on the topic I also biked to work today. It's a wonderful thing when you are going to be sitting for eight hours. I'm sure the other councilmembers who aren't here are out on their bikes and a little slow getting here.

>> Councilmember Constant: I just didn't want the helmet to mess up my hairs so I drove in.

>> Mayor Reed: On the economic development question I had a follow-up question on the retail strategy, with a comment yesterday I think from Kim about we need to do everything we can on retail. I can't quote you precisely. I'm interested in knowing collectively how this CSA will help get over the goal line, some of the major retail projects that are in various stage of finish or starting, knowing that if we can get them into operation, they'll generate some more sales taxes for us. So the urban market you know, God willing will be done in a month or two so that one is the closest. We have at first, which is underway, the Target store doing very well, there's more out there. We have the whole potential big project at Almaden and cherry and 85, the Arcadia project south of Eastridge. The Hitachi project on Cottle road, the Dolinger project on North San José at Brokaw, 1.7 million square feet of potential neighborhood retail in North San José as part of the North San José plan, and of course West of the airport FMC Coleman. And there's probably others but collectively how will you manage those so that we can move them along quickly and get them generating sales taxes sooner?

>> Mayor, Nancy Kline, economic development. Staff is working very concertededly on a broad range of projects. I want to very much compliment Joe Horwedel and his staff and Dave Sykes and Hans Larsen. There is two major projects, the both Arcadia project and every other week meeting where we come together to read all items through. So what Joe has allowed to have happen is the key projects, no more than four or five, to take all of us in an STI type of environment and move major issues through. So those projects are coming well along. There are -- remain significant issues particularly where the state is involved on CalTrans type issues where we need

encroachment permits but the staff is working extremely well together. So I could give you point by point that sort of information on each one of those. There's no gaps on that information and there are significant issues that remain for example on at first but they're pretty much all worked out and are moving through so they're coming through to both Planning Commission and if they need -- I don't think anything else needs to go to council on that. So high-level attention on those broad range of projects.

>> Mayor Reed: What I'm thinking of is what we did last year with the housing projects of North San José where they said we'd like to move ahead and we basically made a list of everything that we could do to help them and then we worked on our list and got that done and were successful. And it was turned into building permits and dollars for us. So I'm wondering if that's the approach on the retail.

>> That's what's happening.

>> Mayor Reed: Let's figure out everything we can do on that. We can't help them write the big checks but we can get out of the way and help them. That is one of the key parts of Lee Butler's job as project manager for development projects is look at what are not the next barrier but what are the next thing downstream we need to be looking at, both the city and the developer about delivering those projects. He heads up the meetings on the Evergreen and the Almaden cherry projects but we're doing similar sorts of things with those other retail projects, the urban market downtown and make sure that we're working through the building issues and as that's getting built, we're even got projects where they are residential-commercial projects, and part of what we're advocating is to continue to put pressure open the developer who's focused on building housing about building retail. We get money from building retail, we don't get it from building the housing. So looking for opportunities to leverage those whether that's the Mirasou project in Councilmember Herrera's project or the market fox project which I'm sure we'll talk about next week at council, phase 1 allocations. Should we give phase 1 allocations for a project that's commercial but not willing to build commercial? We should work hard on making sure those questions get answered because otherwise we'll just build the housing.

>> Mayor Reed: Well my primary concern all of this is looking at the fact that resources and capacity in many cases are shrinking, and workload is expanding, you've taken on real estate as part of the OED office is that we won't have the capacity within the small staff that we have, to focus on the highest priority things that we'll focus on the crisis of the day, which of course we have to do. They seem to come by every day. But in that process, we won't be able to move the ones that will generate money for us. The quickest. And I just don't want to lose the ability to do that. And so I'm just interested in your perspective on how, with the resources you've got proposed in the budget, is that adequate? And how you'll use your staff to state focused open the highest-priority stuff because we can't do everything.

>> Joe Horwedel: Yeah, I would say is, the question that Councilmember Constant asked kind of comes back around that because right now our focus is on those that are the highest economic generating activities. Which means those projects that are not highest but still significant, they become the crisis of the day. And which is a distraction for the entire organization, OED has to chase after that, my staff, in development services has to chase after that. And I think for us to go and make sure we're providing adequate service for all of our customers gives us that bandwidth. But our focus, you know the triage we're doing is what are the things that are generating sales tax, both retail and business to business, what are the things that are generating significant tax increment. You know, what are the shovel-ready projects that we can get into the ground today and not pay for projects. So that is how all of development services and economic development is operating.

>> Mayor Reed: Well I agree with that approach. I go back to driving industries, are what drive the economy. And if the driving industries are doing well everybody else is going to see the benefit of it. And focusing on the driving industries and the tax-generating opportunities. The big tax-generating opportunities is just what we have to use the majority of our resources on. And everybody is not equal in this. There are many, many projects that aren't going to do anything for us, for our fiscal issues and that's just the reality of it. So triaging, prioritizing anything you want to call it is just going to be the nature of the business in these constrained times.

>> Joe Horwedel: The one thing I would maybe add is that we do, one of the things Lee does, weekly with the development services staff and economic development is share where we are with the projects he's tracking

which is that triage list we work with. And our -- are there opportunities for us to be more transparent about that list to the rest of the world? So everybody kind of knows where they stand on how we're prioritizing things I think may be a little bit more helpful. So that is one of the things we'll -- maybe something for us to look at, of how we work through that.

>> And clarify here, it is the jobs and the money that we're working on to making it on that list.

>> Mayor Reed: Talk about how you can manage the real estate, you're an economic development person and we've had a lot of success, now you're taking on real estate as well. Does that mean half of you is gone in terms of economic development? How do we handle real estate without detracting from our core most important stuff?

>> Kim Walesh: I think Mr. Mayor we are in a situation where the span of control for managers in this city is widening. And I think in this case, we, with the City Manager, saw tremendous potential for the City's real estate assets to be used in service of economic development. And that was the rationale to bring it in. So I'm going to have Nancy address the issue of how she's spending her time, and the potential synergy between having real estate come into economic development and the benefits that we see.

>> Thank you for that. Couple different things. The benefits I think we've already tangibly seen about bringing economic development into this -- sorry real estate into economic development and into the City Manager's office. The lens of jobs, economic outcomes, being applied very directly along with the notion of speed of business, has already yielded, for example, the Moreland school district sale, or conversion of that asset to \$986,000. The lens of having all of the attention from the City Manager's office, it's a high priority. Helps make that happen. So we'll get the money by June 30th. There has been a concerted effort for example to sell one of the city properties. I'm not sure if the buyer is going to move through with that but that has been done in record time in efforts of going through a CMO. I think the prioritization and the clear direction that comes from linking with the assistant City Manager in particular and having that as a strong emphasis from the City Manager has made a tangible difference in a very short time. And in terms of my own personal time, there is good staff in real estate. And it has helped to have that focus, and linkage to the CMO. There's some upcoming shifts that we're

looking for in terms of positions so even less of my time is the intent as we really do a good scrub to see what kind of real estate services we should keep and what other alternatives there are for service delivery. Because it is very much my concern, as well, that the highest priority is jobs and money.

>> Mayor Reed: Well, I'm going to just ask a couple of questions about real estate. Now that I've been here for ten years as a councilmember, my experience was that the real estate process was probably the most bureaucratic the most cumbersome the slowest process of any part of the city. I don't know why that is, but that's just the experience that I had. So I don't want to have that slow cumbersome bureaucratic approach affect and infect a department that should be working at the speed of business. I don't want you to lose your capacity to work at the speed of business because now you are becoming a bureaucrat. Working at the speed of business is what we want to bring into real estate not the other way around. Let me give you a couple of hypotheticals. If you are working with your speed of business hat and you're in real estate and you say it's going to take us six months to get to decision on that, I hope you'll say why, why do we have a policy? Who set the policy? Do we need to go to city council to change direction to do something? If you say well, it's our policy, we've done it that way forever it's just slow because we have to take a different approach. If you are going to use real estate for an asset for economic development, you have to have stuff and we manage it. So if you had an opportunity or you had a piece of real estate that could become part of a development deal in which somebody might invest \$100 million and generate sales taxes and property taxes and tax increment and all that sort of stuff, do you have the capacity under the existing rules to say we will put our little piece of real estate into your project, because we want you to invest \$100 million, and if you were to do that how long would it take you to go through the bureaucratic process to be able to dedicate or something into a project?

>> The charter does allow the city and I'll defer to the City Attorney, the charter does allow for economic development purposes, much as we did with FMC, to negotiate directly. In those instances. So we do have the capacity. And one tangential but important comment to make is that the city attorney's office is critical to everything we do in real estate. And they're pressed for resources, as well. And we've already been talking to the assistant City Attorney on ways that we could get even additional help there that would help us continue to move through. So we are very much agree with you that some of our processes need to be looked at, need to be made

better. There are already instances where we've merchandising to jump some hoops but if where possible it would be great to further streamline.

>> Mayor Reed: It would be good not to have the hoops in many cases. City Attorney.

>> City Attorney Doyle: Mayor I'll just sort of reiterate, the municipal code does allow for either adjacent property owners or in the case of economic development projects for a very streamlined ability to transfer property. If I could add, I mean I think one model, we don't have to look very far. I think there's been bureaucracy, you know, I think we all know the history but the Redevelopment Agency for years has been much more efficient, in how it disposes or handles property transactions. Not to say that -- it's not people issue as much as it is the process issue. I think we can learn from not going very far and how we can approach these things. I know Ed Moran in my office has met with Nancy and her staff about streamlining and being more efficient.

>> Two critical relationships, actually three right now, are VTA, given the number of projects that are going through with BRT and BART et cetera as well as the Water District and CalTrans. We are moving with the projects to move more quickly. That is a process of bringing it up to the City Manager's level and cutting out the interims.

>> Mayor Reed: If you had a million dollar property and somebody wanted to put up a \$100 million building and they wanted our property, how long would it take for you to make that decision and do we need at the council level to change some policies or ordinances to allow you to work quick enough to work with a developer who is going to make a \$100 million investment and generate some increment?

>> I do believe I know the property you're talking about. We do have flexibility within the appraisal process and it is promptly within a shortened time frame for the city to ensure that we get value for our sites so that we are not simply making a donation.

>> Mayor Reed: What's the value? Let's say I want to make a donation. I want to give somebody property. Because they're going to make \$100 million investment which will generate \$1 million a year of tax increment. Now am I really giving them the property or am I investing the property in the project with a 100% rate of return?

>> I think there's an opportunity to do both. And in a quick time frame to be able to say that if there's a joinder issue and the city property is needed for their development, then it's reasonable to say that the city should get a certain amount of dollar value for that property and do it quickly and the overriding consideration I would agree with you completely mayor that our process doesn't get in the way. And if there was a concern that the development wouldn't happen but for us and our request to get some value, then making sure the project would go forward would trump.

>> Mayor Reed: Well I'm just thinking of the way I've seen it done with redevelopment projects where we have land. We put the land into the deal because we're looking for the tax increment. That's how we get our value out of it. And is it possible on the city side to do that where look, the project is worth a lot more than the land so let's do the project and we have a, I don't know a thousand little pieces of property around the city and probably not very many of them you have the opportunity on but I want to make sure that you guys have the authority and the capacity to move ahead quickly to take advantage of those opportunities. And if we need to change and ordinance or something --

>> City Attorney Doyle: Mayor, that is a very good point. I think this is one very good reason why the real estate being in economic development is a good thing. Because historically redevelopment has those tools. Even though -- even that said you still have to do appraisal, come back with if it's less than fair market value, fair reuse value. You still have to get those numbers put together. The city historically has been limited to you can't give away property. It's you know you got to get the public funds issue. I think more and more we're becoming creative and getting what is the consideration in terms of our participation, and I think to the extent that we do need ordinance changes, we can you know come back. But I think at this point we're trying to work together as to how we can actually affect that and be as effective as redevelopment has been in terms of and that's why I referenced

it earlier, in terms of being able to be a participant and not being stuck with just the old way of appraisal, fair market value, and be closed with that. We have to be more creative on that.

>> Mayor Reed: Okay, I'm sure people are ready to ask questions now. Councilmember Rocha are you ready to go?

>> Councilmember Rocha: Thank you, mayor.

>> Mayor Reed: Before you start Don I just wanted to take role on the bike to workday participants. Councilmember Liccardo. Yes, okay, I knew somebody would be biking. Anybody else bike to work? Okay, so rose is the leader. Thank you, Don.

>> Councilmember Rocha: I had some questions more specific to certain line items here but I'm going to follow along the same path and piggyback a little bit on where the mayor was. And ask a little bit now about the work now and as the work has changed over the years and even changed more significantly in my mind this year what's happening on the Redevelopment Agency side. So as we call them or as you call them the tools in the tool box things like STI, expedited permit process and tombs, agency signing, sign grants fast at grants. Equipment reimbursements latter ones I mentioned or reduced so for your workload. Now, being expanded I guess into maybe the areas in the agency where the redevelopment project areas such as North San José or Edenvale or Monterey corridor where primarily that work a lot of the retention and attraction work was done by the agency. And now as that has changed can you help me understand how we're going to keep that same pace? I'm expecting we're going to suffer a little bit, that's obvious and I don't expect you to pick up the workload of an entire department but what are your work projects going forward and how are you going to deal with that?

>> Kim Walesh: I think what we need to do is emphasize what remains in terms of the incentives that we do have and in terms of the value that companies get from associating with locate in the City of San José. So for example we still have the expects zone program, the only enterprise zone in Silicon Valley. we operate the foreign trade zone which is proving to be a critical incentive to keep manufacturing here. We have downtown

parking program, we still provide location assistance. We still have many opportunities for partnerships, we're helping our clean tech companies use city facilities to ashes and property to demonstrate their technologies which helps them get follow-on financing. We provide advocacy. We advocate with our companies. Especially in clean tech for policy changes, that affect them. So I think what we're really trying to focus on is not what we don't have, but what we do have. And I think what we're finding is that companies want to be here. And they value knowing that they're appreciated, that they've got somebody in City Hall who understands their business who can help them with the nuts and bolts of doing a facility expansion and getting through our processes but also who understands what they need to partner for, for business success. And I think if you look at some of the companies that we have worked with, with the agency, the last 12 months, it has not just been about the dollars. That dollars will still remain fortunate, in certain situations, but we have a lot to offer in this city and that's what we need to focus on going forward. How do we package that up and how do we message that as one voice, I think that's really the critical challenge the next several months.

>> And just to add to that. The agency and the city have already been working in good collaboration and we will continue to do that. The notion is to put the teams together in one focused direction so that we're leveraging as much as possible and leveraging what Joe had mentioned Lee Butler in particular and others we're working as a team and Joe is doing economic development as well, clearly, and so making sure that we're focusing on those driving industry jobs and getting information to the key people in terms of property owners, brokers, and key companies on retention as well as attraction. And just to highlight a little bit more of what Kim is saying, we're learning in those very in-depth conversations that we're having with companies that the linkages to DOE or Lawrence Livermore labs are very worthwhile as well so we're developing more of how we provide value and asset to the companies. So as Kim said we'll be bringing forward how you get out more and further and leverage other means of communication including some social media, perhaps. So that we can have a greater presence than we're necessarily recognized for the good work that we're doing.

>> Councilmember Rocha: Okay, so the next question I had, you just kind of answered it with those two statements but I'm still going to kind of roll through my thoughts, is given the environment we're in, a lot of what we hear is what we can't do. And what the lack of resources has changed our ability to be proactive. Your

department is, in my mind, the one that shouldn't say that, and should say, quite the opposite, this is what we can do and we're not going to be concerned about resources and we're not going to be concerned about obstacles. That's where I expect a visionary role to come from and proactive in my mind is policies that are going to encourage economic development, policies that are going to eliminate redundancies and bureaucracy and that's where I can't see if I other department that should be promoting that or working on that and spending a lot of time on that when my councilmember constant mentioned something that I believe I mentioned yesterday. so that side of the equation, do you see that as a role as well as -- I know we talked about you know, the location and the visionary and I'm sorry, and the collaboration, you know those are all high stuff. But the low stuff really, can you talk about that?

>> I can give you one good quick example I think which is the vice of the times can help, for example when San José eats, the agency staff primarily OED staff and including OCA and then city staff and events worked very quickly to determine that we need to enforce as much -- let me say that differently. Get out of the way as much as possible that San José eats could proceed with very little in terms of rules or regulations for us. That is already having other opportunities now that we've had a second San José eats and looking at how to apply it more downtown. So we agree with you. So how can we now look to see what our touch points are more strategic and less.

>> Councilmember Rocha: Okay.

>> Kim Walesh: I think generally though I think we need to watch our -- the message that we're transmitting as a city in our region and the Bay Area and nationally. On the one hand we're very up front about our fiscal issues and the downsizing and redesign taking place in the city and that is a very real issue. On the other hand, it can't be the most important message that we're sending to the community, to Silicon Valley, to the Bay Area, or nationally, and I totally agree with you Councilmember Rocha and I know the business community agrees with you because we've talked to them. We need to focus on what is right with San José what we have to offer and what is going to remain in place and the bright future that we have. And I think our job, our leadership job, is to be playing at both levels. Now we need to be out there, with that message, to companies large and small, and to the media, and at

the same time, we need to be on the groundworking with companies every day and troubleshooting issues and trying to move the whole bureaucracy at the speed of business. And I think one of the reasons why we are feeling more responsibility of OED is because we have a track record of doing that. All can I say is we'll do everything we can with the resources we have to get the big message out and keep the ground troops moving forward. That is the work we have to do.

>> Councilmember Rocha: You put it very well, playing up here and playing down there and that's extremely well put. My concern is not a concern that is one that I have seen. My concern is we get up here and go to conferences and events and sitting on panels and talking about convergence and innovation and talking about this stuff and yet the experience I had being on a staff level is a lot of the businesses that we were talking to on a daily basis was they were trying to do an addition to their office or they were trying to do an addition to their business, and it triggered a traffic impact. Just the small amount of things, just the fees that were associated with that were cumbersome and high. Just all those tiny little complaints aren't the ones that we are talking about at conferences and panels it's the other stuff. That's what I don't want to get away from, that's my personal experience, that's the only reason I advocate for it, I'll probably do it every year and I'm sorry that's my two cents on that.

>> Kim Walesh: I share your concern. We're going to have to exercise very good judgment when we are out there doing conference or networking things, why we're doing it. But I do know that especially with clean tech when you participate in something like the clean tech open and you're with the industry you have an opportunity to sell your facility and get more projects in the pipeline that you don't have if you are sitting in City Hall troubleshooting issues. So what is that balance is something we are going to wrestle with on a daily basis and we share your concern and we'll have to deal with it.

>> Councilmember Rocha: I'll move into the more redundant questions -- I'm sorry boring questions. On page 13, chapter 2, the pie chart.

>> Kim Walesh: Of the presentation?

>> Councilmember Rocha: I'm sorry no, of the operating budget.

>> Which section are you in?

>> Councilmember Rocha: Two K of, V-2, number 13, page 13. I'm sorry, 7. I'm assuming this is the pie chart that the total operations by core service. Thank you. Can you explain this pie chart as compared to the next page that lists out the city service area budget summary? Some of the percentages are different. Can you explain how the pie chart I guess is measured against the next page?

>> Ed Shikada: You want to -- (inaudible).

>> Good morning, Councilmember. Moraya daywell, mayor's budget office. The pie chart page 13 it basically includes each core service and then it groups on the following page by department and then it groups the strategic support all together for all the departments in the city service area. And the pie chart excludes the citywide expenses and General Fund capital transfers and reserves. So it's trying to capture purely the core services, the business city service area and separate out the strategic support function.

>> Councilmember Rocha: Okay, thank you because I was trying to understand the relationship between the two and how they might be related looking at the percentages on the following page compared to the percentages on that and trying to understand that. And how they're each one is measured but thanks. I'm sorry did you want to go further? No, okay. Page 22, same section. I'm looking at the zeros, in the housing units developed in the greater downtown area. And I'm assuming that this is because we're not seeing any projects coming or --

>> Joe Horwedel: That would be correct. There are no projects that have come into the building permit process. We have planning approvals for several but the developers I think have all gone away.

>> Councilmember Rocha: We have nothing on file?

>> Joe Horwedel: There is nothing on file for building for new residential downtown that we were tracking.

>> Councilmember Rocha: Okay, now would this be just only high density or any type of housing?

>> Joe Horwedel: It would be any type. If we're down in the real small granular level, we wouldn't be tracking that.

>> Councilmember Rocha: You wouldn't include that here. Okay, thank you. Page 28. I get this can go with also my question on page 29. And I'm looking at the additional positions, one in the fire development fee program the other in the Planning, Building, and Code Enforcement building enforcement program and the Planning, Building, and Code Enforcement, development fee program. I'm looking at all these positions that to me show as adds. Can you talk a little bit about all of these and how they -- the funding for these, or are these just shifts?

>> Joe Horwedel: These are positions I think all of these are positions that were one time positions in this fiscal year so they went away effective June 30th. We are proposing to put them in the base budget and therefore they are showing up as permanent positions in the budget. So they show up as adds.

>> And if I may add, councilmember, Jennifer Maguire budget director. They are all development fee-funded they are not.

>> Joe Horwedel: I will clarify one those four and a half positions those show up because updated the end of October, they are funded at the end of October so they would go away at that point, the four and a half positions.

>> Councilmember Rocha: Thank you, thank you mayor.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I just wanted to go back to 19 Kline, the discussion about the retail projects. And I want to first of all I want to compliment the way that Nancy and the economic development team and Joe Horwedel have managed the projects that are in my district. I just want to reassure anybody who has any concerns about how they are working with projects like the Mirasou projects and Arcadia, that I have been making sure that I'm very involved and in the loop on those and they are really doing a fantastic job to move those things forward and to remove any roadblocks to those projecting moving forward. Just wanted to comment on that. And also in terms of the high level versus the on the groundworking with companies, I had the opportunity to be at the incubator conference. I think there was like a week of incubator conferences so they're all blending into one. At one of those conferences I met an individual who has deep connections into startups. And as a result of that meeting, we're now working on a project over in Evergreen. It will be over at Evergreen village square to actually bring some startups there. The reason I'm mentioning that is because those conferences and those connections bring folks of like mind to our city, to both hear information and in this case Kim Walesh was speaking at the event as well as I think we had somebody from the world bank. And it drew a lot of different people to it, and you make connections. And those kind of connections are what Silicon Valley's famous for. It's the mix. It's that kind of bringing people together, and it's almost -- it's almost luck but it isn't because you're creating that kind of environment where people who do want to be -- who are entrepreneurial and want to find opportunities show up. So I really think that it's important that we stay connected to those kinds of events that we have both the high level and then also working with projects on the ground to make sure we're moving those forward. That's what's going to bring us opportunities that we haven't even thought about now. We need to be part of that innovative mix, new ideas, things we haven't even thought about, we need to keep that all moving forward, too. Thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. This may seem like a crazy idea but I see a lot of pressure on economic development and planning, and our attorneys, all of the organizations that the departments that bring in money. You know the story about the donkey and the straw. I'm just wondering if there's some form of emergency help that can be had, as things begin to get to the point where we just plain don't have enough people to get the

job done. I would hate to forfeit the money that would be coming in because we don't have enough people to handle the situation. So I would like to get some thoughts about that.

>> City Manager Figone: By emergency help do you mean on call contractual help or extra help?

>> Councilmember Pyle: Predominantly to do a lot of the paperwork that needs to be done.

>> City Manager Figone: I think the staff can comment on this. But we do use temporary help when necessary. We have contracts kind of in-waiting to draw upon for whether it be plan check or helping to expedite, Joe can you comment on that?

>> Joe Horwedel: Right now, in development service we have been able to bring back people so they haven't had to use contractual. We are looking at how to build some contractual depth to our staff. Really we're looking at is where we've got dollars that are coming in from projects or we are reasonably confident that dollars are coming in that we're bringing staff in to deliver that service. The challenging piece is how far do you staff up, kind of anticipating somebody coming and then if they're not there. So we have been somewhat cautious around that so we don't overextend ourselves before customers are in. So that's why we're doing the incremental additions that we have been doing this last year in all of the development services positions. Councilmember Rocha asked about and we're continuing to do overstrength positions as the City Manager said we have that flexibility to do that where we've got the dollars that we're doing that.

>> Councilmember Pyle: Good.

>> Kim Walesh: We would obviously always welcome the additional capacity but we're reducing capacity by one person in economic development this year because we understand the City's fiscal situation. But I think the context for this is that cities across the state are increasing their economic development offices. It is a great opportunity to be an economic development professional right now because cities are hiring. Vallejo is hiring an economic development director to help them come out of bankruptcy. They have 17 people in their economic

development department. As I said before we've got to use the people we have and align the staff in this city and this community and these people like we never have before.

>> City Attorney Doyle: I might add and I'll wait until I give my presentation. The cuts in my office, it gets down to is it more cost-effective to go in-house or go outside, especially at the hourly rates of many of the law firms. To Kim's point, with shes with the proposed cuts, we'll be down to about dlowr lawyers. City and County of San Francisco has 180. It's so you know, the work, you know won't get done or can't get done and that's what we're looking for and proposing some additional funding.

>> Councilmember Pyle: Thank you. It's worse than I thought. Thank you very much.

>> Mayor Reed: We're just winding down on OED. I know the City Manager had a couple of comments and I want to issue a challenge to our OED staff. On the goals, VII, the goals results stuff throughout all those goals, every one of them, and come up with ten, that you really care about that you watch, that you really think are important. And that would, you know, would be important to monitor the progress, not 100, ten. I don't know if it can be done. But there's a lot of things that you're tracking, you're watching. You're measuring. And are those the best that serve the purposes of what you're trying to do? I don't know but I think it would be useful for you to say okay, we don't have to do that anymore. Let's talk about the things that we really want to do that will be really meaningful for us and maybe cut down on some of the work in terms of the goals but really have a focus on the things that are critical.

>> Kim Walesh: And thank you for the freedom to do that and for the challenge. We'll definitely do that as OED. But may I also suggest that we do that as a CSA. Because as you know we had the 18 month work plan to implement the economic strategy. We've been successful in that, and that ends June 30th. So once we know what resources we have in place with this budget, I think we should do that as a CSA to make sure our whole team is focused on the right ten things in addition to our Office of Economic Development.

>> Mayor Reed: Yeah, I think that would be very helpful to us. Councilmember Liccardo.

>> Councilmember Liccardo: I appreciate that challenge very much mayor, particularly in this time scarcity that we really do focus as much as we can on what we think is going to move the deal the most. I just want to commend Kim and your team. I know you're catching a lot of falling balls right now. Obviously nobody feels the or really misses redevelopment and what they're able to provide more than I do, representing the downtown and many of the strong neighborhood initiative areas and it's a huge loss to us. What I think though far more than the loss of redevelopment money is the loss of people in the Redevelopment Agency, who are able to be advocates for individual businesses. And I think it's important as you emphasized Kim that we've got a lot of assets and a lot of incentives and a lot of opportunity here and really, it's really about the people much more than about the money. I think, you know, Brocade I'm sure appreciated whatever we gave them but their revenues are \$2 billion a year. The money really doesn't make a big difference in their bottom line. What mattered was that we had a team of people both on the city side and redevelopment side who were deciding that this was going to be a priority in the city to get this process done. And I think as long as we have that approach, that is really the most essential part of what redevelopment has done in this city and what we hopefully can continue. And so I look forward to working with you on that, and everybody in the CSA. I think it's also important for all of us on the dais to be really aware that there are many falling balls right now that are being caught. And everybody is moving at, really at supersonic speed to try to do what they can, and that sometimes, as a result, the checking in and all of the normal processes and procedures may not happen as fully as they might have in years past. Because I think everybody's simply trying to move very quickly right now to get up to speed. So I think if we're all patient and we work together on this we'll get through this tough time.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. And I just want to make sure I've thoroughly commended Kim Walesh and her staff. This is a small team that's doing a big job for us and I think as policy makers it's not only Kim's staff that needs to look at those ten goals but I think council needs to make economic development a priority and I think we need to think about as we're setting policy and allocating funds that we make sure we are funding quament and as we have money we need to look at making sure we have that front line folks that are

going to bring in businesses, make sure businesses stay here, create jobs which is going to create that revenue to provide the services. We've got to fund that. It's a public sector perspective but when I ran my company, you don't fire the sales force. You trim up everything but you make sure you have that sales force out there bringing in jobs just like Vallejo. That's no surprise that Vallejo, shouldn't be a surprise that they're hiring economic development to come out of a bankruptcy. So you know we need to make sure that they can't do it on thin air. We need to make sure we fund it properly. And as my colleague Pierluigi mentioned yesterday, we have to stand firm, you know, on not converting our job lands into housing. No matter how attractive on the short term that is, sometimes, we've got to make sure that we preserve you know do the right policy decisions so that we can keep jobs coming in here. Because ultimately that's what we've got to do is get more jobs and more companies and reverse the job community I look forward to working with the economic development team. I'm on the ground talking to companies too, I love to do it, I hope I'm going to be helpful in my district bringing in jobs. Look forward to working with you guys and encourage my colleagues to move this effort . Thanks.

>> Mayor Reed: I think we've come to the end of the Community and Economic Development CSA. Next on our agenda would be the environmental utilities CSA.

>> John Stufflebean: Good morning, John Stufflebean director of environmental services. Have a brief presentation summarizing the budget for this CSA. Again to just refresh everyone's memory what we do in environmental services, we deal with natural energy resources protection issues, we deliver potable water and recycled water we manage the recycling and garbage services for the city, we have a storm water management program and of course we operate the wastewater treatment plant. The city and the Department of Transportation they are responsible for the sewers, both the sanitary system and the storm system. And in terms of our expected service delivery our big word of course is infrastructure, infrastructure, infrastructure. We're all about trying to make sure that we are replacing infrastructure at the right time, not too soon but if you wait too long it can fail and it can get very expensive and many of the things we're doing with the infrastructure actually do result in savings of operation and maintenance. In light of this we are advancing master plans. We have essentially completed the treatment planned master plan and it's now in environmental process and we're well underway on the sanitary sewer marmt and we'll be initiating a storm sewer marmt as well again to make sure we are prioritizing our large

infrastructure investment projects properly. And again, beyond that of course our service delivery is to continue to operate and maintenance the utilities. So while we're fixing the plane we still have to fly it so we have to make sure that we keep those services going and we focus ever on working on increasing the efficiency of our operations. We also need to meet regulatory requirements which never get any less stringent. They always get more stringent and we need to make sure that we meet those requirements and anticipate them. So that as they come along we're prepared for that and then beyond that we're responsible for a good chunk of the Green Vision. With respect to the energy issues, the energy efficiency goals and renewable energies, recycled water, increasing the use of recycled water, solid waste heading to zero waste and assisting with green program. Budget actions there's that infrastructure word again, obviously to repair and replace infrastructure, to ensure lower operations and maintenance cost again to advance the master plans and again a big issue for us is to increase our workforce management getting the people we need to continue to operate the plant get the skill sets we need especially with so many people retiring and departing from the city. Beyond that we need to make sure we comply with the regulations. The biggest ones for us are the permit for the plant and the permit for the storm water system but there are a lot of other regulations we need to comply with as well, air quality and so on and habitat. We need to continue the Green Vision implementation. And this is probably the most interesting slide for all of us and this is our proposed rate increases and I think there's some really good news here in terms of the fact that we've been able to have some rate increases recommend some rate increases lower than what we had originally thought about and had proposed. The sewer service and use charge which is kind of our biggest one, about equal to the recycle plus!, we originally noticed last year up to a 6% increase and we are only proposing a 3% increase. So we've basically been able to cut that increase in half because of increased efficiencies and reprioritizing the program. Five or 6% increase and have been able to whittle that down to a 3% increase. A lot of that is due to the need to deal with some infrastructure issues in the storm sewer system and then also the new permit which as we've talked many sometimes has gotten much more stringent each year with the permit on Muni water we're actually going to have a change to what's on the slide. And that is we had originally proposed the 6.5% and this is what was noticed. And the most of that increase is due to the increase in the cost of water. The Muni increases over the last ten years have been almost entirely result of the increased cost of water, almost nothing in terms of our internal operations and it's about half of our budget is what we spend to buy water. The San Francisco PUC has just notified us that they're going to reduce their increase, so we're going to reduce our

increase. Proportionally. Oinstead of a 6.5 % increase we're only going to be -- we're suggesting a 5.9% increase which is again strictly a pass-through of the water charge. And so that will change the number from 272 down to 257 in terms of the monthly- increase. The recycle plus! increase then I would remind the council that we did not have an increase in recycle plus! last year, we also didn't have an increase in storm sewer last year. The ROEM increase we're proposing 9% and the vast majority of the recycle plus! increases are for the four large contracts on the residential side, and the main reason for the increase is the cost of fuel. That we -- that of course obviously the trucks driving around the city that's a huge cost and fuel went up 50% year over year from when we analyzed it so almost the entire cost of 9% the big big church of it is simply because of fuel cost, the others is because of cost mostly in our contractors . S this are propped increases, I guess in summary here's that infrastructure again, provide you efficient services, increase our efficiency, meet regulatory requirements and advance the Green Vision goals. Glad to answer any questions. Thank you.

>> Mayor Reed: I'd like to just take up where you left off on the fuel costs and increase in recycle plus!. What happens if fuel costs go down some day?

>> Jo Zientek, deputy director, environmental services department. Typically and obviously like a mutual fund, you can't guarantee the future. When costs go up significantly one year they'll go down the lest. Obviously we've had rate reductions the following years of large fuel increases because rates have gone down. In addition to that, we are converting some of our fleet to compressed natural gas and we'll be using a different index for some of our fleet in the next few years.

>> Mayor Reed: We've built this into our contracts with the providers so they don't have to hedge against fuel prices increases and charges us a much higher rate.

>> Yes, that'sing exactly right.

>> Mayor Reed: So they can charge what they bid so ultimately that helps keep the rates down but it does go up from time to time. And we've had other times when we've had oil prices skyrocket where we've had fuel increases

as well. And then on the down side of it, and well on the upside, too, how do we know what's the process for figuring out what the increase should be, based on fuel prices? We've got audit rights, we don't just have to take their word for it, right?

>> We have two checks on that. The rate actually is an index from the bureau of labor statistics. So we don't -- we go off the index rate and not off their actual rate to make sure they're accurate.

>> Mayor Reed: And perhaps this is a question for the capital budget when we get into capital budget but the sewer service and use charge 3% storm sewer 3%, how does that relate to all of the capital work that we've got to do at the plant? I know we've already started part of it, we've got a master plan for more in the future but there are some things we have to do now because we can't wait. How do we pay for those and is part of that increase to pay for the work that is already under way?

>> John Stufflebean: I'll talk first about the sanitary sewer rate, sewer use and talked about the fact that we need about an 18% increase over the next four or five years. And so that would be about a 4% increase a year just to cover the capital costs and then operations is kind of whatever it -- whatever the increase is over the next year. However, because it's so -- you would expect at least a 4% this year and we're only recommending a 3%. The reason we can do that is because we have seen some costs reduced due to increased efficiencies, so we are -- this does fully fund kind of this year's increase that we would expect for the capital program so we're totally accommodating that and including that in our estimates. But we are able to have a lower increase because of a variety of things, efficiencies that we've seen. We're pushing off some of the capital projects. There is no reason to do a capital project until it needs to be done. You can use the existing facilities until you need to get them done. Also the compensation reductions oochtion 3% but yes the capital program is fully covered. It's the same situation on the storm side. We have been able -- oh and would I add on the sanitary side we have also significantly increased the capital on the sanitary sewer collection system because those projects were able to be done more quickly and on the treatment plant there's still a lot of kind of preliminary work that needs to be done on some of the projects so pushing them off to future years gives us time to do the preliminary work. The collection work can be done very quickly. It's kind of simple work you don't have to have processes affecting the

plant need to be done anyway so that enabled us to get some of that work done. Kind of the same story on the storm sewer. We've been able to fund the capital needs as we know them now. But again keep in mind that on the storm sewer system, the master planning is still just to be done. So there could be some additional work to be done on that and I'll let Public Works and D.O.T. talk to that if they would like to add to that. But it does also cover what we expected for the permit cost which is another big increase on that. So do you want to add anything on the storm sewer? If not we're good, right, thanks.

>> Mayor Reed: Okay. Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you. Thank you John. Just a couple of quick questions. On page VII-37. It talks about how 82% of the sanitary sewer system is between 32 and 61 years old. So obviously, it's getting really old. I was just wondering, have you guys come up with any plans for, you know, any low-cost sort of stopgap measures that we can look into, sort of preserving these systems in the same time we wait for us to generate more revenue so we can fix in the long term?

>> John Stufflebean: That is a question best answered by Public Works or D.O.T. Mike.

>> Good morning, I'm Mike O'Connell from Department of Public Works. San José has traditionally used vitrified clay pipes for its sewer system that has been in use for other than 100 years. So even though our system has aged, those systems are made of inert clay material and they uphold up to the stress and strain of gas attack. They are victim to root intrusion and to sags in the lines. I do believe that this proposed budget is the most capital funding that the city has ever dedicated to the sanitary sewer collection system and I believe that we have added staff, and we are ready to perform condition assessment on the system. We have on-call contractors, so we are ready to respond, this is a challenging year, but we are up to this task of programming this money efficiently and putting it where the benefit is greatest to the system. So I believe that we will have continued quality sewer service to the residents and businesses, and we are going to decrease our sanitary sewer overflows which is what this program is all about.

>> Councilmember Nguyen: Great, thank you, glad to hear that. And then just a final question probably for the City Attorney, but in regards to the rate increases, we receive increase mostly from residents who live in the mobile home parks about how the rate increases will potentially severely impact their lifestyle, most of these people live on fixed income and they are seniors. I wanted to know whether our policies fixed incomes when it comes to rate increases?

>> City Attorney Doyle: With respect to the rates I don't know if we do have a senior override and that's something I'd have to get back to you on. Ton mobile home parks specifically they are pass-throughs from the mobile homeowners to the residents might impact that I don't have an answer and I'd have to get back to you after checking with the attorney that handles that. But generally it's an appropriate pass-through, and unfortunately when these rates go up, along with everything else, PG&E and other pass-throughs mobile home owners are getting significant increases, just from everything. So let me get back to the council on that and that would be shortly.

>> Councilmember Nguyen: Thank you.

>> John Stufflebean: I guess I would add on that is our understanding is if -- everybody has to pay their share of the utility bill. So in a certain segment of the population were to get a lower rate the other segment of the population couldn't make up for that by making a higher rate. Some significant source probably the general fund that's probably a large element there. In addition, we do have a rate that is fair so that if it's a like an apartment complex where they use less water then they get a lower rate as well.

>> Councilmember Nguyen: Thank you john.

>> City Attorney Doyle: I did get information there are discounts for seniors and low income folks that are subsidized with unrestricted fees. State prop 218 prohibits some kind of subsidization from others to cover the lost
Irch ppts g's.

>> Councilmember Nguyen: Thank you for the call our office so thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you mayor. This is very quick. But it's my experience that before a reelection year, and 12 is coming up, oil prices go down. So stay tuned, we'll find out if that's true or not. And in reference to the pipes, I noticed you have to spend \$4 million just to assess the performance of the pipes, is that accurate? It's on page 43 of your fact sheet. \$4 million to conduct condition assessment, studies and rehab to address aging pump stations.

>> Yes, coik, Mike O'Connell from Public Works. It works out to a limb over a dollar a lineal foot to divert the flows, clean the pipe and videotape the pipe. So the regulatory agencies are recommending that every municipality videotape their entire system every ten years. We've always done small scale videotaping, with this new condition assessment program we are attempting to identify all the asset classes, and the risks associated with them, so the investment of this inspection pays off in terms of catching the defects in the system and eliminating a sanitary sewer overflow potential. So the money is very well invested and then it gives staff the tools and the decision points to program the budget to address the most needs in the system. Rather than a scattered approach.

>> Councilmember Pyle: I had one more question for you, and that is, is there any other -- is there any material other than concrete that can be used? I would think with some of the new materials that have been put together, there is maybe a potential for a faster, better, cheaper type of product.

>> Yes, I agree. During the rapid growth of the '60s and '70s there wert large diameter Vitrified clay pipes possible. Gas attack so whenever we reability them we put a polyester in them and that extends their life. There are new plastic pipes or pipes that have certain blends of plastic and aggregate in them so the industry has advanced rapidly. And nothing we put in the ground now goes in that is unprotected concrete.

>> Councilmember Pyle: And I would think that would be more flexible in the case of an earthquake or whatever kind of ground shifting there might be.

>> Yes, yes, and more water-tight and less prone to route intrusion.

>> Councilmember Pyle: I just wanted to compliment your department. I think you do a phenomenal job and I appreciate all the good work out in the community. We hear about it. Thank you.

>> Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. Rick, I think we sometimes will try to take moneys from fee departments and try to, you know, stepped them into the General Fund purposes. But with the purpose of, you know, managing that so let me give you an example I guess. So we have these fee programs and I think prop 218th is what limits what we can spend it on. However can we do things like the water pollution control plant is an important strategic part of the city and therefore a patrol officer in Alviso should be compensated with these -- should be paid for by these fees, is that reasonable?

>> City Attorney Doyle: No. And I'm not so -- I'm not usually so emphatic. I think we have worked very closely with Jennifer's office and NESD on what's appropriate and what's not. To the extent there are appropriate overhead charges that the city General Fund departments whether it's the attorney's office, City Manager, police department, any other departments those are covered. It used to be we could take in lieu transfers. In lieu of what if it was a private utility paying property taxes or paying a franchise fee we were able to take that. The court decisions post-proposition 18 have restricted our ability to do that. Similarly the prop 218 specifically limits the fees for the actual cost. So we can cover appropriate overhead but we can't really cover for other services. These issues come up from time to time and there are certain things that are okay on the one hand and some that aren't. It is unfortunately the reality in public financing in California.

>> Councilmember Oliverio: Have you examined the water pollution control plant?

>> City Attorney Doyle: You know in terms of staff necessary to guard, or I mean, appropriate but you know, I don't know if police -- are police officers stationed at the plant? They would need --

>> Councilmember Oliverio: They need to be able to respond within minutes you know more than a security guard could do.

>> City Attorney Doyle: And that is something that -- it's not an appropriate charge. We can -- I can always go back and revisit the issues but those are the type of things that raise the red flags that the Jarvis group and the taxpayer groups come after you on.

>> Councilmember Oliverio: Understood. I probe to see if it could be. For example the fire station there which is one of the slowest fire stations in the city at least it has should there be a disaster there should there be some kind of issue because you're dealing with chlorine, could they construe, to go into a larger disaster?

>> City Attorney Doyle: I don't know if those would be covered in the overhead charges. Those might be part of the overhead charges already so they're being paid for. Let me give you an example of what we have recently said are okay and that's the issue of storm drain fees and the signs in areas where there is no parking the purpose of the street sweeping program in large part is to keep stuff from getting into the storm drains which get into the streams and we have various instructed restrictions of what can get into the streams under the clean water act. And so putting up a sign that says no parking during these hours is sort of part of that program and those are things that I think we've signed off on. These things do come up and we'll look at them but in this case I think it is a tough one.

>> Councilmember Oliverio: John in your experience in cities around California, have your colleagues funding things we're talking about? Perhaps you could fund a code enforcement officer that's doing things, you know whatever.

>> John Stufflebean: I think all cities have the same concerns that Rick just raised. They're pretty careful about what they use the sewer service and use fees for, so I haven't seen cities that are doing way beyond what we're doing. No.

>> Councilmember Oliverio: No? Just teasing. I just asked. Because obviously we want to be under prop 218 but if we can and you can make enough of an argument that it is, why not at least try. If it's one position or two positions or at least zero at least we asked the question.

>> City Attorney Doyle: I think it's good to ask the question. The problem is there hasn't been post-prop 218 case that has upheld the ability to do these types of transfers and there's cases here in San José in the sixth district that are problematical too. We have a fear conservative intention but I think it's consistent with where the courts are.

>> Councilmember Oliverio: Got it. And John we charge a different rate for single family home whether it be an apartment or condo for example for my district I think I have the largest population over the age of 70 that lives by themselves so they're using less water outside of what they're doing in their yard. But if you did have equality in the fee just based on toilet and not square footage and all that type of stuff would you then be able to lower the overall rate?

>> John Stufflebean: Well if you tried to make something that was based on use, obviously, some would go up and some would go down. You still have to collect the same amount of total revenue. The problem with basing it on use is it's very complicated in terms of then connecting the water -- there is no way to really meter the sewer flow. What you're really metering is the water flow. You can meter the water flow because it's a pressure pipe. Metering the sewer flow because it's a gravity pipe is very difficult because. We do that for businesses that

have significant flows and we do then connect that to not only the amount of sewage they every household to try to do that I think would be impractical.

>> Councilmember Oliverio: Isn't a sewer person who has a house in Berryessa?

>> John Stufflebean: Not necessarily. I mean the statistics show that even the sewer flow is different from a multiple-family home versus a -- detached single family home.

>> Councilmember Oliverio: Okay.

>> John Stufflebean: Not that much different but we reflect that difference in our overall charge.

>> Councilmember Oliverio: Got it and finally remind me whether it's home ownership, condo or mobile home it's know the same .

>> John Stufflebean: Yes.

>> Councilmember Oliverio: Thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you mayor. Do better on my Roman numerals this time. Page -- let's see here. Page 39. The third bullet down. Talks about a pesticide-free park. Is this one that's already been selected, is this a pilot project or --

>> John Stufflebean: Okay, I'll have Melody come down and answer that one.

>> Good morning, Melody Tovar, deputy director, environmental services. to implement a pilot project it's going to be in the Guadalupe river park and gardens it's a partnership with that facility.

>> Councilmember Rocha: Okay, thank you. And how much was the grant?

>> The grant was \$220,000.

>> Councilmember Rocha: Do we have a max?

>> There was a very limited match. Yeah, it was good.

>> Councilmember Rocha: Thank you, nice work. Page 43. Storm sewer infrastructure, last bullet that talks about the system wide master plan for the storm sewer. This is something that have been working on for a few years. Can you maybe give me an update as to where we're at?

>> Yes, last year funding was approved for the citywide master plan and we assembled a team and they have some overlap with the sanitary sewer master planning team because some of the approaches are the same. So it's -- the initial work is to get the in fact of the existing storm sewer up to date. That system has been built through a combination of general Fund activity grant activity so the first step we know is to get all our data together and to maximize the benefit from all the existing outfalls. We're going to divide the city into the various drainage basins and we do believe that we'll be using some expert consultant resources in this effort as well. Ten years ago a storm sewer master plan would be all about capacity. With the changing regulatory environment it's more about water quality, about how we safeguard public property from flood damage, get the water to the creeks and rivers and now it's all about getting the water there and cleaning it as well so that we're not dunching organic material, grass clippings, trash, things like that into the creek.

>> Councilmember Rocha: Ookay. And the point about the North San José specific master plan I think that was kind of initiated by the vision North San José plan that was going to encourage and improve a certainty am of

master plan, is it part of a project that's going to go concurrently or is one going to be done after the other, is it all part of another some are you calling out a specific area?

>> Initially it is all out of the same area. Because we have had so much past study of the North San José system we've put the majority of the investments into the pumps that are in North San José. Most of the storm water goes through a pump station once you're about north of the airport, everything noters of there is typically pumped because of the levels in the river. So building on past master plans for the North San José area we know where there are some dweechts, we know where you are planning on one pump station located near Charcot and the Coyote creek so there's a huge bunch of pipes in the grounds capacity that that pipe will deliver or do an analysis on do we really need to upsize that pipe because our punch stations have the capacity to pump water at a faster rate. north San José intensification, we are going to break them out and at some point make a decision on whether we want to draw a boundary around that area and just have a fee associated with development in that area or if it is more more of a citywide. Those decisions vice president been made at this point.

>> Councilmember Rocha: What's your time line on this?

>> 2012.

>> Councilmember Rocha: ESD i'm look at this in the environmental utility service. Help me understand the relationship or the partnership I guess on this effort?

>> Yes, it is a partnership with D.O.T, ESD and Public Works. ESD tends to have the expert resources that are very knowledgeable on the requirements that are in the permits, changes in the regulatory environment. We work with staff from the ESD lab that are very familiar with water quality requirements. Public Works, we are really here to be the engineering resource for the program. So a study, a construction design, a construction project, something that modifies it. So we are capital rehabilitation and ESD is like the scientist that works with us, that staff. So we're studying diversion of storm water from pump stations in the summer so there's a water quality

component that ESD staff bring to it and there's the capacity and the actual construction activity that Public Works brings to that. And ultimately what we put in the ground is maintained by D.O.T.'s staff.

>> John Stufflebean: And it's a seamless relationship.

>> Councilmember Rocha: Sounds like a great one. Now what about the funding relationship on this master plan?

>> We -- our funding in Public Works comes as a capital transfer from the storm operating program.

>> Councilmember Rocha: Is there any other funds from, say, ESD on it?

>> ESD does manage that storm operating fund. And so --

>> Councilmember Rocha: But the master plan, the funding for the master plan, is there any funding?

>> That came as a capital transfer.

>> Councilmember Rocha: Nothing from ESD?

>> No, it stays in Public Works.

>> John Stufflebean: ESD doesn't own any of the funds. We manage them and distribute them out ourselves. The fund is the City's fund.

>> Councilmember Rocha: Gotcha. Thank you. The survey related to that's referenced in here a number of times it talks also about Muni water. How often do you do these, every two years, what, every two years? And the funds come from the Muni water fund?

>> Yes.

>> Councilmember Rocha: Okay, thank you. Thank you, mayor.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. First of all I'd like to thank John and your team for working closely with me. Last year the plastic bag ordinance, and working with the recycle and waste reduction commission, as well as the advance treatment plant committee, and I know the -- and your achievement on the plant master plan is really commendable. I just have a real question, it jump out at me, this page 115. This departmental position detail. On top of this page 115, we have two marketing public outreach manager. And right next to it, we have five representatives. So we would have two manager, managing five representatives and total of seven in the marketing team That's more than we have for the economic development team. So could you maybe explain that a little bit? My understanding, that city is trying to maintaining a goal of one manager for every ten employees. But I see there are two managers managing five employees is really jump out at me.

>> John Stufflebean: Sure, and the entire team, the entire tuition of marketing and outreach, and marketing's probably not a very good word for that. Total of 11 people including the two managers. Actually there's other members of that team that are just mentioned in another place. So the function, it's about a five to one ratio, four to one in terms of percent and employees. Did you want to get into what that team does or just so as a utility, we have a responsibility to provide, to do a lot of outreach which is comparable to what other utilities do. So for example, we have major outreach needs in all of our programs, say in recycle plus!, we need to really help people understand what goes in the recycling bin, what goes in the trash bin. Help people understand about the household program we outreach to every household in something multiple programs, we also outreach to specific segments in San José. For example on the solid waste, we outreach to every business, on the commercial redesign program, that is a major outreach. We also on the storm permit, that requires significant outreach on that program, to help people understand what can go into the storm system, not to discharge things in the street, the

placarding, also working with businesses to reduce pollution, again there's no treatment of the storm water so we have to have a program that reduces pollution. And we've also for example worked with all the dentists in the area for the dental amalgam program, a program that requires very specific outreach to the dental community. That's one example. There are many different examples. The big one this year has been the plant master plan, a big one of outreach to help people understand the needs of the plant and what do we do with the extra land out there? For Muni water it's recycled water, helping to grow the water system, for companies that have cooling towers to encourage them to connect to the recycled water system. We have major programs on conservation. This is the group that helps he clean that out we thought about this putting these people actually in the programs themselves. At this point we keep them as a separate unit that works with the programs and we think there's an advantage to that because often you're reaching kind of a similar audience with similar messages from different programs. So we're looking at how we can optimize whoever we're reaching with multiple messages we can try to consolidate that and make marketing isn't a very good name for it, that's kind of a residual I think, it's really about the utility's responsibility to get the word out about how our programs work and to make them operate effectively.

>> Councilmember Chu: Thank you very much for that detailed explanation. You know one thing that I'm working with some of the recyclable collectors, is that the scavenger issue, you know, getting a lot of calls from the residents, as well as the businesses, for people going into their recycling bin in the middle of the night. And so -- and then the recycle company was complaining that it was a big loss of their revenue because you know, those cardboards, plastic cup, plastic bottles, or aluminum cans, they felt was really their property. So I was wondering if you have any budget to work with our company -- with our staff to kind of on this scavenger issue?

>> Yes, I mean it's as you know a multi-pronged issue. We do have some outreach funds that we could just in collaboration of our haulers to address that issue. And then there's also the regulatory side of if it's code violation, how do we enforce that. But it is a big communication effort, because sometimes, it's just a mom and pop skanking situation and other times it's a more organized activity that we wouldn't want our residents confronting. Working with the haulers they have outreach in their budget, we have our own resources and I know your office has done a lot of work on that, coming up with a plan this upcoming year on how to address it. We do have the resources to cover that.

>> Councilmember Chu: Thank you very much. I'll definitely tap into your marketing and outreach talents in your group, thank you.

>> Mayor Reed: Any other questions under the CSA? Councilmember Oliverio.

>> Councilmember Oliverio: Okay Rick, back to you. How did we find the way for RDA money to pay for police officers? What was the argument there?

>> City Attorney Doyle: Well, there was -- the way we've done this traditionally is we've funded projects, whether it was San José B.E.S.T. or projects within the General Fund that have been redevelopment-eligible. Redevelopment funds for additional code enforcement officers, where they were assigned in redevelopment areas on sort of new projects that were SNI or redevelopment-related. So where there was a direct connection with redevelopment, and redevelopment projects, and securing -- and I don't know the specifics on the police but I assume it was the same argument, that it was directly related to the redevelopment activity, the problem is, is that those areas are what -- usually you can't pay and specifically in the law can you not pay for city administrative services. And you may remember that three or four months ago the state controller did an audit of a number of the redevelopment agencies and found there were violations some fairly egregious. Fortunately San José wasn't one of them. And I think that's why I think people increasingly are paying attention to diversion of, where moneys are restricted and using them for that. So we have found ways but they've clearly you know been between the lines, and we haven't gone outside the lines. So there has to be some direct nexus to the redevelopment activity.

>> Councilmember Oliverio: Fair and again because they raise these questions from time to time as well.

>> Councilmember Oliverio: Okay, thanks.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you mayor. We got to reduce trash by 40% by 2014. What happens if we don't meet that goal or the 70% in 2017 or any other goal that they set for us?

>> John Stufflebean: I'm going to ask Melody to come down and respond to that one.

>> Good morning, Melody Tovar deputy director. What would happen specifically, it would be a matter of course. We would first be found in violation of our permit. And be asked to take corrective action to bring swift resurrection to the issue. So we would have to do it eventually or be subject to fine.

>> Councilmember Liccardo: Okay, so ultimately fines are --

>> At the discretion of the water board yes, we could be brought for civil penalties, yes.

>> Councilmember Liccardo: Okay, thank you. I wanted to express my thanks, for the openness of the environmental services department and the city attorney's office, in particular. To this -- the exploration of potential use of storm water fees to be able to resume the system of installing street signs, where we know street sweeping isn't occurring. I know that's going to have an impact on reducing pollution, in storm water systems. The question I had was, as I was looking to try to understand what impact if any that might have on rates, because I recall when we talked about the T&E committee, I remember D.O.T. suggesting there was about a \$250,000 cost a year to resume sort of a standard process for a couple of years. And I was trying to do the math, looking at the department budget summary on VIII-97. And I realize is I'm having trouble drawing a link between the rate increases we're approving and the specific changes in the budget. I'm sure the categories don't match and that's why. Do we have any sense of what \$250,000 would do in storm water rates?

>> John Stufflebean: Sure, that's about a 1% rate increase.

>> Councilmember Liccardo: 1%, perfect, thank you very much.

>> Mayor Reed: City Attorney.

>> City Attorney Doyle: I just had a side bar with Councilmember Oliverio and I want to clarify. The Redevelopment Agency never directly paid for police officers and I think that was a common perception. But what happened were, General Fund projects that were redevelopment-eligible were paid with redevelopment moneys and it freed up money in the General Fund to pay for other services. So it's a permissible thing where you find sufficient programs that could be paid for redevelopment but not direct salaries of police officers.

>> Councilmember Oliverio: Since you brought that up Rick, can the -- is there --

>> City Attorney Doyle: I took the bait.

>> Councilmember Oliverio: Is in a project that we with the General Fund that's eligible to be paid with these funds?

>> City Attorney Doyle: We do that quite frequently. Unfortunately, redevelopment moneys are so severely diminished that the ability to find those funds are reluctantly. If you are talking about sewer funds, they have to be related to the sewer program. I'm sure staff is and I will let them speak for themselves.

>> John Stufflebean: We did a very extensive possibility of every possibility along those lines and I think we've maxed that out.

>> Councilmember Oliverio: Okay.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Mayor, thank you mayor again. I picked this one up from the City Manager's budget message, regarding to getting an outside consultant to find an alternative technology solution for the City's integrated billing system. I believe that falls into this CSA. My question to Nancy yesterday is, the reason that we need to spend the money to find another billing system, because the Oracle will not support the current system. My question is that why don't we go through the RFP to see if there's any, you know, I don't know what's a competitor of Oracle, may be willing to come in and bid for this system, instead of finding a consultant to customize a billing system for the City of San José, or for the utility bills.

>> John Stufflebean: Right, yes. That is essentially the plan. As you mentioned Oracle is no longer supporting our system.

>> Councilmember Chu: Right.

>> John Stufflebean: And the ITD has told us that by 2015 we need to move to another system one way or another. So we're currently doing a review on what's the best way to go about replacing the system. And currently the system provides billing for recycle plus!, for the business tax, for the storm and sanitary sewers, bills and for Muni water and it generates about \$250 million a year. So it's a very large, complicated system. Right -- the major activity right now on that is we are, ESD is negotiating with the haulers to make sure that if we -- if the council decides that the haulers would then be able to take over the billing, the billing function, all the haulers or most of the haulers have existing billing systems already in place so they could simply use their own billing systems that they already have and maintain for other cities and implement the San José hauler billing for us, potentially we believe it may be a much lower cost. So we will be -- so our choices are to basically replace the entire system or to look at getting, migrating the existing system to the haulers and for the other parts of the system. So we will be coming to the council in August or September with our recommendation on that as to how we should proceed and we will be looking at an RFP certainly for Muni water, for the business tax and for storm and sanitary and the recycle plus! could go that way or again, at this point the preliminary indications are that it -- would be quite beneficial economically, to look at having the haulers do that. So that's why as we finish the negotiations with

them we're not telling them that they're going to do that but we're establishing the price and conditions for that if that's the direction the council decides to go.

>> Councilmember Chu: Just off the top of my head I think if we go to work with the haulers there may be some maintenance cost down the road and whenever we change the haulers we might have to spend more money to rework on the system. I guess what I'm trying to point out is that we're not really in a very unique situation here in San José. Don't we have some other cities to look to, to find out how do they -- what kind of system do they use? How do they attack this same problem?

>> Thank you, councilmember. Vijay Sammeta, acting information officer. I think where we're a little unique is we have severe staffing reductions from when we did the initial implementation five, six years ago. And the system is incredibly complicated and I think what John's trying to point out is we can tap the economies of scale that the haulers are already using for other cities. And trying to lower our cost, and evaluate that as -- on a go-forward basis before making any firm decisions about either implementing a new system or going out for hauler billing.

>> Councilmember Chu: Again, I understand your concern. Again, I caution you to go with the hauler billing, may centers your cost down the road.

>> The I.T. department is working very closely with ESD on this evaluation. Both in terms of looking at the existing system, as well as the hauler billing option. we are evaluating it with ESD, both options as well as the other components that remain on the IBS billing system, storm sanitary, business tax, Muni water. That is part of the evaluation process.

>> Ed Shikada: Councilmember, perhaps I should add as well, Ed Shikada, assistant City Manager. Just to connect a couple of dots. Yesterday we talked about service delivery evaluations and how the city gets out of certain lines of business. This is one of the areas of service that is being evaluated under that structure of service delivery evaluation. John mentioned coming back to council after the July recess. At which point I think we'll have better information from which to look at the different options. I think important to note, though, is that in addition to

the software, the billing system itself, there is also sizable ongoing operating components or operating cost associated with the staffing as Vijay has pointed out but also the customer service call center operations that is used to support again that entire billing operation across multiple utilities. So it's a very sizable, quite frankly expense to the different utilities, and it's from that perspective that we recognize that making a migration to any other kind of system is going to be a pretty involved undertaking.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Hey, Vijay. Since it got brought up about the \$2 million upgrade from Oracle and I think this is just a pure example of client server software and being pigeonholed by a vendor and then not controlling how the life of the product goes and then boom asking you for \$2 million. Is your group pursuing something as software as a solution?

>> When you are referring to Oracle, are you referring to the HR payroll or the utility billing program?

>> Councilmember Oliverio: I think both. They were both peoplesoft now oacialg.

>> Correct, peoplesoft got acquired by oacialg. In regard to HR payroll we had planned for and benchmarked do hosted in a application service provider model, where the hardware is managed and maintained by a vendor that uses the same types of economies of scale but essentially we continue to pay for the application, and manage the application updates and testing and that type of stuff. And we have been approached by workday. They are a SAS provider, quite frankly they are the co-founders of peoplesoft originally so they have a lot of experience with migrating from peoplesoft to their SAS platform. We don't have a proposal yet on the table but they're very interested. We would be the first and largest -- well I guess by virtue of being first we would be the largest municipality to be on their platform but they do do Facebook, auto-desk, other large companies they have a very interesting concept right now, they are aware of our upgrade, it is pretty well documented in our budget process and they are interested in being aggressive.

>> Councilmember Oliverio: Possibility of a lower total cost of ownership solution then?

>> Yeah I think we really haven't engaged the function teams yeast because of a risk avoidance standpoint, we know what the upgrade takes, when we look at a SAS provider the question really boils down to, what is what are they offering, is it a total solution and can we mitigate the risk associated with going with what we know? I think my last conversation which was last week with them was if they can get us implemented and productive and are willing to put their money where their mouth is prior to us having to do a peoplesoft upgrade then that's something that the city's interested in at this point. But I think with the time line being as short as it is for getting tax upgrades, we have to weigh the risk versus the reward. At the end of the day we still need to continue to produce paychecks. That's where I've left it with them. They are going back to mayor of they're principles, coming back with a price tag absorbed with it and seeing if they are willing to aggressively implement without us necessarily us having to pay up front and they've also offered us to be on their customer counsel. So this has to go through rupees City Manager's office to put together that kind of pilot proposal if it seems appropriate.

>> Councilmember Oliverio: I'm thankful for your leadership item information technology department.

>> Thank you.

>> Mayor Reed: Information ESD but probably have a few left and then we'll be back to strategic support. Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. I'm sorry one question I left out it really relates to this whole issue of General Fund dollars. John, in that department budget summary on page VIII-97, there is a very small amount of your funding that comes from the General Fund, \$495,000, I recognize that is a 20% cut from the prior year. I'm wondering what is that General Fund money?

>> John Stufflebean: Cost related to the old closed landfill costs of maintaining and monitoring these landfill that are city responsibility, we can't use taxpayer money related to that effort.

>> Councilmember Liccardo: I remember that issue coming up last year. And there's no way we can use garbage fees to pay for that?

>> John Stufflebean: I think our legal opinion is -- I probably should let Rick address this, no it's not something that benefits all the rate payers so you can't -- these were landfills that were in place years before the different set of ratepayers, so you can't use the ratepayer fee to deal with the closure of those old landfills. Rick did you want to add anything to that?

>> City Attorney Doyle: No that's correct.

>> Ed Shikada: That's one of the areas of push and pull where we've had ongoing conversations with the attorney's office I think at this point we've yielded.

>> Councilmember Liccardo: I appreciate, this has probe been mowed over this grass before. Probably generational equity under prop 218 but anyway thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I just wanted to say I was pleased to see the food for the earth program and yard trimming cart pilot program. I wanted to hear some comments on how you felt that went and it was piloted in my district, in District 8. It looks like there's been tremendous behavior changing pilot programs and I look forward to seeing the results of the fight program coming back to council and if you guys would just maybe comment on that.

>> Yeah, we're compiling those results right now and we are preparing a report for council after the recess.

>> Councilmember Herrera: Great. And I would heartily support looking at -- it sounds like we're doing exactly the right thing in terms of looking at a different software, cloud-based application, rental rather than own the infrastructure, I think that's a good direction to look in, and I appreciate the thoughtfulness in mitigating risk and going about it with testing, first, before we take any risk to our infrastructure are infrastructure.

>> Mayor Reed: I any that includes the environmental services CSA.

>> Ed Shikada: Actually Mr. Mayor if I could make a couple of follow up comments related to Councilmember Oliverio's questions related to redevelopment funds and sewer funds. Got the figure that we actually have used the mechanisms or tools available to leverage the funds that are possible. Currently we already have a \$45 million transaction that was accommodated as a part of the wash loan previously for redevelopment funds. So as a result there are \$45 million worth of redevelopment-eligible sewer projects that still need to be completed. So it's a bit complex but in effect we have been using the opportunity to the extent that we can, to leverage the redevelopment dollars. That's one. The other also just as a note, on a similar note, and perhaps just as a teaser to a question that will come to the council next Tuesday, the environmental services department has taken the lead on the new market tax credit that will be coming to the council next Tuesday, again, and is an opportunity to use the environmental lead-in as a benefit towards an economic development tool. So more to come on that. Again you'll see that on your agenda on Tuesday. But did want to make the plug, and also, the recognition for the environmental services staff looking to those types of new tools that can be used for benefit of both the environment and the economy.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Yeah, I forgot one question. I think John you were talking about as you were rattling or talking about a number of things, you mentioned Muni water and that there were companies that have water towers that you were working with on recycling expansion. I thought I heard that as you were speaking earlier. Did I hear you correctly?

>> John Stufflebean: Yeah, I was talking about outreach -- oh no, yes. There were businesses that have cooler towers.

>> Councilmember Herrera: I was interested, cooling towers are there projects that are underway there, would you expand on that is there an opportunity to expand recycled water delivery?

>> John Stufflebean: Businesses with cooling towers are at the top of the list and other places that have recycled water have quite a bit of water and no reason why it couldn't be recycled water. We already have several on line, our biggest user as a matter of fact is Metcalf energy for their cooling towers. We have several others that are poised to make the move into recycled water. There are terms of issues that to make sure they're comfortable and then we can address any issues. Recycled water is a different quality so you have to be able to manage that so we anticipate that we'll have quite a number of them that will go on board in the next couple of years.

>> Councilmember Herrera: And that provides the recycled water for the company, for the business then, ask that the --

>> John Stufflebean: Yes they basically instead of using potable water for their cooling waters they use the recycled water.

>> Councilmember Herrera: So that's in terms of cooling their equipment and -- it's pretty much supporting the business there in terms of cooling internally and also landscaping and -- I'm just trying to understand the whole use.

>> John Stufflebean: Right, sure. Most of our use has been outdoor landscaping irrigation uses and that continues. Now that we've -- there's not a lot more along our existing lines because we've covered most of the major users, we're always looking to expand of course. But a company that has cooling towers is just sitting there ready to potentially use recycled water, a fairly large amount of recycled water. Again no reason why that has to

be potable water for cooling towers. Another use for quite a bit of water that could be changed from potable to recycled.

>> Councilmember Herrera: How much water does that save, do you have any -- numbers on that?

>> John Stufflebean: I think our estimates are in a range of I'm not sure if mansour is here, 40 million gallons a day, what does it amount if we connect all the cooling towers up? Why don't you come down here. Take him a while to get down.

>> Councilmember Herrera: I feel bad now.

>> We estimate mansour Nasser environmental services department. We are tempting 2 million acre feed or about two million gallons a day for recycled water for cooling towers over the next ten to 12 years.

>> John Stufflebean: Our current usage is about 10 million gallons a day ooms so.

>> Mayor Reed:

>> Councilmember Herrera: Right at this moment we're not in the drought but the future prexes we are going to have to be very concerned about water.

>> John Stufflebean: Don't worry .

>> Mayor Reed: Now I think we're done with the environmental services CSA we'll turn to the next topic which is strategic support and council appointees. And we'll start with the strategic support.

>> Good morning, Mr. Mayor and members of the council. This is the strategic support CSA and I'm going to move through the presentation on behalf of all of the departments that are part of this CSA. And then of course,

when you have questions, the specific departments will be able to respond to them. As you know, there are the core services and the outcomes of this particular CSA and they've not actually changed. But because we have been significantly reduced over the last severalty years, we've had to modify the expectations around the primary goals of the particular CSA. The departments specifically are, I'm going to go through them really quickly. And most of them are self-explanatory and in a couple of cases I will say a little bit more because of some modifications that we've made in the organization of the specific department. In finance of course we understand there are disbursements that are to be made. The financial report and which must be accurate and timely. Our revenue management to make sure that we collect everything that the city's entitled to, that we manage our treasury, that we manage our investments and that we are really very diligent about our follow-through on all of those bond covenants and so forth. Purchasing and materials management which used to be called I guess sometimes we call it procurement, which is a function that finance has had when it was transferred from general services a few years ago. And in parentheses it s's include risk insurance. This is the insurance function that is current in HR that used to be in finance and now it's going back to finance because I think the view is that there is a very close synergy between our contracts that are offered through procurement that every contract that the city enters into has an insurance component and needs to be evaluated as such. As well as our debt program, that all of that needs to be tied in closer so the two staff people that are in HR right now, in the risk insurance function, will be transferred as proposed in the budget, in July. In human resources, we all know about our very extensive benefits program, that's one of the keys services. Employment services which I'll spend a little bit more time talking about later, about how we've reorganized over the past couple of years to be more efficient, to be smore responsive to our client departments. Health and safety which right now if we look in our org chart is called risk management which used to be called a few years ago, which includes workers comp our employee work program and return to work program dealing with health and safety of the organization and its employees training and development which I'll talk about a little bit more which will continue to be provided by the city but not through the department because of some budgetary cuts. Information technology, we talked a bit about the customer contact center. And its demands and uses, especially with our utility changes. Whenever there is one, there is just a huge outflow of calls to customer, we used to call it the call center but we are now calling it the contact center. And the impacts that some reductions are making on that operation. Enterprise technology solutions we started implementing a multiyear change in the way in which I.T. services are delivered. In that the services were spread

before, where there were I.T. staff in departments and I.T. staff in the I.T. department itself. And focusing on enterprise technology, those staff that are in departments will now be the responsibility of the departments, for example in PBCE where there is a permit system. The information technology infrastructure which of course we recognize is a very, very important part. And not a particularly sexy part of all of I.T. It's the part that you don't want to think about, but if you don't spend the money in it, your peripherals and all the rest of the stuff isn't going to work. And Public Works, Public Works is in every CSA. And specifically in our CSA, it is a matter of looking at the things that are related to strategic support. I.e. the buildings, the facilities, the equipment, and the fleet. And whether that is buying new equipment, constructing new facilities, or maintaining what we've got, that is the core delivery of the Public Works department that is now also combined with general services in this particular CSA. And finally retirement, which is a department that is part of our CSA, as well, as the whole administration and lots and lots of interest in the fiscal reform which I know we'll consider at a specific date, on May 18th. Just for your interest, we thought we would just show you what has really happened to the CSA over the last couple of years. We've actually lost a number of positions. And I know that all departments have lost positions. But in this particular CSA, it's like a 10% reduction between the current year and next year, and overall, beginning with 2009, it's over a 20% reduction in staff. The -- looking at our service delivery and what we expect to do. In the finance department, we've had a lengthy discussion about the way in which the -- this is phrased, that the finance resources are protected and available for the benefit of the community. And the key statement here is that the department works diligently to make sure that the finance resources are protected. However, there's really, we realize not adequate to meet the needs of the community, but they are always to benefit the community. Manage and maintain the city's facilities equipment and vehicles. I think we recognize that one of the things that we continually face is that our -- many of our facilities have aged and they've never really had the amount of attention that they need, and many of our newer facilities that were approved by the bond program five years ago, more than five years ago, now that are now reaching the age of five years, for the first few years, you really are doing okay without spending a lot of money on doing anything with the facilities because things are new. But as they get to five years or older, we face the problem of the same sort of situation we deal with aging infrastructure. In that we need to prioritize and look at what's most important about preserving the life of the facilities. The same thing goes with our fleet. Maintaining a safe and healthy work environment, that deals with our employee health services. You know we have an in-house medical services unit and it has to also do with our safety program, to

the extent that it is a very sparse program, in that there are very few resources dedicated that we actually prioritize and work very closely with the departments where we recognize that there are safety issues that when we deal with them face-on we can prevent a lot of injuries and accidents that actually cost the city money, and lose productivity on the part of the injured employee. And as I mentioned before, the I.T. department has really changed its focus based upon a multiyear approach that was started last year, about focusing on enterprise wide strategists, because these are the resources that we feel are most important to actually use the resources that dedicate the effort. And then that also includes eliminating duplicate I.T. services. For example like consolidating servers and so forth. We recognize that we have a challenge in this organization with continuing to attract and retain qualified workforce. And what we have done is, because of the resources of the HR department, have been constrained, that we've developed a model that is now being implemented and will be fully implemented next year, where the resources of employment, for example, in hiring and in transferring employees and so forth, is all in HR, but none of the staff are. The staff are actually positioned, and in the departments that they serve. That they report to the HR department. This is a model that we started as sort of a pilot, if you will, and it's worked well enough that we are implementing it completely, and then we have developed a customer council made up of key department heads and assistant department heads working with the department to evaluate this program in terms of how well it works. It's a very, very small staff, it really is, 11 and a half staff people, and a manager who actually is the only one who resides in HR who services all of the employment needs for every city department which is, you know, almost 6,000 employees, it will be less than that, but nevertheless, it's a very small number of staff. I remember a few years ago when we had at least that many in HR itself and in addition to that each department had people dedicated to working with HR or employment issues. So that has really significantly dropped and we're trying to maximize our resources and prioritize our work accordingly. And in terms of benefits, we recognize that we need to continually look at the services, I mean not the services, benefit program to make sure that we maximize the affordability of our -- the vendors that we use, and we are always on a search to find a more effective way of providing benefits to employees in a more cost-effective way. On the City's capital projects, ensuring that one-time and on-budget delivery of facilities that meet both customer and service and city staff needs we recognize that though most of our major capital improvements projects have been completed through the bond program there are still others that are outstanding such as the convention center expansion and then focusing perhaps even more on storm and sanitary sewer improvements. Okay let's talk a little bit what the

impacts are by the budget reductions in this CSA. This is just a quick overview of some of the things that have been done since last year and what will continue. One of them is a major nivel around leadership and management restructuring. As you know we already did that work in the finance department, by changing the leadership structure in 2009-10. And in Public Works, with the psychologist with general services, we saved basically seven positions including elimination of a couple of really key executive management positions. And the information technology department, the director's position is on hold, the deputy directors have been eliminated and in its place we have an assistant director and the division managers. A very similar but not exactly the same model is being proposed in the budget for the HR department, in that it is different because in this case it will be a deputy City Manager who will oversee HR and oversee OER and both of those departments will have department director positions held in abeyance until we whether or not to fill them. So those will save money and then it actually makes for more consistent management structure in the four departments that are part of the CSA. On the streamlining and efficiencies I know we already started a discussion, Vijay already had a preliminary opportunity to talk about our upgreet of our HR payroll system which is a very, very key system for the city. And that we need to upgrade and how we upgrade, whether we use the same model of operation that we do now or whether it's going to be hosted, all of that will be evaluated once the budget is approved. It is a two-year budget of about \$2.7 million and most of it being funded in year 1. Citywide technology support focus, I think we already spent a few minutes talking about the sort of change in approach the I.T. is making because of its reduced resources. The service level reductions we've already spent some time in the past talking about rolling back the workers comp staffing. We've had at least a couple of opportunities to talk about the workers comp administration and how there had been a study done by armtech that recommended a higher level of adjustors to the program, and so there were five adjustors added and with the reductions that we took last year and this year we will be back to the 2007 levels of reducing that staff. This next one is, an inefficiency measure if you will, that's recommended by the payroll I mean by the finance department. What it really means is that accounts payable right now is done weekly. And it will be done biweekly and you may ask why. The reason for that is because the staff is so lean in that accounting function, that one week, the team will do payroll. And then the other week they will work on accounts payable. So it's a leveraging if you will of the small number of team members, I think it's four or maybe it's a few more, but I think it's five. Five team members that will do dual duties. And when we say work on payroll and the next week they work on accounts payable. Now we know that we will not miss a payroll. That's

just not acceptable. The biweekly payroll -- I mean accounts payable has potential down sides to it depending on when you receive the invoices and to many of our businesses our small businesses are vendors and they really may not -- we have to see how this works out in terms of what does this delay things to the point where it hurts small businesses? We are assuming that our large corporations kind of absorb perhaps receiving our -- their payments a little bit later but we're not really slur what the impact might be on small businesses. So that is an issue but that would be far better than taking our five people and splitting them two and a half and two and a half to try to cover the payroll as well as the accounts payable functions. The -- we've not spent any time talking about training and development. Right now this is a team, it's a very small team of three, that provides citywide training, a lot of the training programs that you are aware of, in terms of the mentoring program, are in practice of leadership, our innovation incubator program and a lot of the things that are really designed to help strengthen our employees to be able to -- to be more productive and to move up into promotional opportunities. That unit is slated to be eliminated from the department, but that is not to say that there won't be training and development. It just means it has to be delivered differently. And unfortunately because it won't have dedicated resources will have to be cut back to some extent but it will be a concerted effort between HR. Because a lot of that is already done by OER. A lot of the daily -- not daily, the more routine things about policies, sexual harassment, orientation of new employees will continue. The citywide approaches to training will be coordinated with the City Manager's office and we've already started some meetings to talk about how how we can leverage what we've got left in terms of some nonpersonal money that people who are dedicated to training, who do training right now, because some of -- many of our employees do -- not many. Some of our employees do really snifted in a very, very significant way in training how to continue to utilize their resources so we'll stilt have a training and development program although there will not be a training unit within HR . We talked about the reduction in customer contact center. Every time there's a change in any sort of our billing or any change in our program, those calls go way up. And there is a reduction I think this coming year of two staffs. The vehicle -- reduction in vehicle pull street staffing and then the reduction in custodial services need to talk a little bit about what that's all about. To some extent you might say well we have fewer employees so it is logical to consider, having fewer pool cars. And there is some truth to that I think general services Public Works has tried to align that to the number of pool cars. But I think because of our reduction package is actually a larger reduction than we might actually optimize. The custodial services at City Hall and employees facilities you know we contracted that service out. I think most of us

have felt that we got very good services from the contracted services however there is a cut back of if 20% in the City Hall and police facilities proposed for next year. And we talked about the information technology consolidation already which we know makes it so that the staffing is lean and the redundancies pretty much are gone. We talked about the Public Works, general services consolidation and how that has actually already saved us money in terms of eliminating some staff overlap and eliminating some key deputy director positions. s the last two is what I was getting at just a few minutes ago in that Public Works, that includes general services obviously, looked at maintenance and then looked at also fleet to see what we can do about aligning those resources so that they're consistent, so that to the extent your hours are shortened at your community facilities and your libraries, what does that do in terms of being able to level out the can custodial staffing and then the similarly talking about our fleet staffing? What we can do to actually match up and align the fleet size with the needs of the employees, in terms of the size of the fleet. And what I want to really basically say is as I conclude this, is that we have taken about a 20% reduction in staff over the Haase couple of years, and we recognize that in terms of our citizens, they look to our operating department, and services, they looked at park and rec, they look at library they look at Police and Fire and we who provide what we call the back office support, that's not on their mind. But it is on our mind and I know it's on your mind as well. Because to the extent that the support services aren't there it really does impact the success of our operating departments. We kiddingly always sort of align this or use an analogy of a stage play production. You've got excellent actors, actresses, all geared up, they've rehearsed, they know their script, they've got a absolutely wonderful scripts to work with. But guess what, there is no stage crew we're those people that make it possible for the actors to do their jobs well, and to perform for the public for their enjoyment. And so I know that all of us are cognizant of our role in the city organization. We're cognizant of the fact that we need to continue to look at ways to stretch our resources to be more efficient to be open to changes that are going to make us more effective, so that our operating departments can be successful. And so I'm going to conclude right now and turn this over to the -- to the council for questions that you might have of any of the departments that are represented here.

>> Mayor Reed: Take up some questions. We're probably not going to get finished with this whole section before lunch I anticipate most of the council appointee section will be after lunch, we'll keep going. We'll hopefully get from the strategic support part of this. I do have requests to speak, we'll take that before we adjourn, taking that

and adjourning at 12:00 as scheduled and coming back in the afternoon to push on with the rest of this. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. When it comes to information technology spending when we look at us between other cities as a percentage of the budget, I understand we're probably at the low low low end even though we sit in the hotbed. Can somebody tell me what that number might be and what our peers are doing and secondly if this council gave more funding to information technology what are some of the things that we might be able to do to manage the efficiencies of providing services to the city?

>> Thank you acknowledge councilmember. Vijay Sammeta information sexier. Besides that in terms of benchmarking, we did do a management partner study I believe it was last year. What we typically found is in comparable cities and it's hard to say comparable cities in an information technology perspective. They spend between 5 and 7% of our General Fund and we're spending I believe less than 1% of our General Fund on information technology currently. To answer the question what would we do with more money? I think the primary goal would be to look at those areas where we are seeing service area reduction, where technology can make a play to bridge that gap between that service reduction and citizen expectations, pushing more payments online, taking more registrations online, citizens walking into a city facility automating them and providing better service or more efficient service and really trying to bridge that gap between what we've been seeing over the last ten years around where the expectations are, quite frankly, we're the capital of Silicon Valley.

>> Councilmember Oliverio: I appreciate that and that's pretty sobering, I'm not saying that we don't have challenges in the city because we obviously do. But you have to have an infrastructure to run an organization, you know, we have to keep that sexy or nonsexy infrastructure in place so we can do our daily, daily jobs but I think your other points are well taken. There are opportunities to provide the citizenry the ability to access City Hall, mobile, you know not having to fiscally go somewhere. It's not obviously always about the expense of it, i.e. I using web 2.0 or SAS solutions or expensive server. You have to have the staff that can take the new application that requires a process change and get that over the hurdle for implementation.

>> Correct. Currently right now, we're in a place where we're so underinvested in key technology areas that in order to implement, to meet a department's requirements to implement a new piece of technology typically we're investing in silos so why need to kind of make a major investment in order to build a more cohesive ecosystem for lack of a better term that as various departmental needs come up there are small changes, incremental changes to be made because the base infrastructure is in place. And we're just far enough behind where it's going to either be a major investment to get us up to that level, or, you know, many folds back in siloed implementations that don't integrate well.

>> Councilmember Oliverio: Thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thanks mayor. I wanted to ask questions about the workers compensation claim administration. Back in February, I think it was February 9th we had a memo that told us pretty clearly, that we had workmen's comp adjustors handling about a 2X factor of normal caseloads for that type of position. We know that we have a system where things crawl through the system. And fall through the cracks. And kind of have a lot of issues with it. And we've discussed recently how that then folds into the issues around disabilities, and workplace reductions, and all the things that get drug out, and the impact on our retirement funds. So now we're going to increase the workload by 56%, on each adjustor and bring them up to three and a half times the industry average. How is that not going to compound the severe problems we have, and how is that not going to actually increase our costs in other areas?

>> Councilmember Constant, it certainly would not have been our preference to put any adjustors out on the reduction list. But, you know, you sort of have to appreciate the HR department sort of overview of our target. And the fact that like it or not we had to put adjustors open the list, otherwise we'd cut our employment services even further. And we already eliminated in training and development. So in a sense we didn't really have a place to go. We recognize that by so doing, we're back at the 2007 level of adjustors. Which we know that even back in 2007, and even as far back as I can remember, our workload per adjustor was always higher than the state. The

state recommended level is about between 150 to 175, 180 per adjustor. We're at 340 right now. And with the adjustments that we're going to be making in our staffing it's going to go over 400. It will be more difficult, in order to met the state requirements in terms of how long it takes us to process. And what could happen as a result of that is, really not being as diligent in our review and passing things through to our third party review with maybe less diligent effort on the part of our staff. But I think as we've talked about before, the issue of disability retirement, the cost of our claims overall, not just administration of claims but claims in general of the city, that there is a holistic approach that we need to take. And back in February or March when we came to you to talk about this whole issue, we talked about, I know the City Manager made a commitment to bring a work plan back to the council in the fall, probably September or October, that would outline a comprehensive way of looking at all these related issues. They don't start with a workers comp claim. They start with the fact that we need to strengthen and really look very carefully at our safety programs and our wellness programs, neither of which we have put a lot of resources into. So they prevent the injuries and you prevent those things from occurring before you even get to the place of having claims. Because once the claims are there, yeah, you do have to deal with them and I know that we continually look at ways in which we can be more responsive in terms of getting back to our claimants. And then doing a -- looking at our third party review company. As a matter of fact we have an RFP that's going to go out and I think it will be an opportunity for looking at the scope of services, the customer service requirements of the third party review company. So what I'm saying here is, there's not a quick answer. And you're right, that lowering the number of adjustors is not helping the situation. And it will exacerbate the situation in terms of the workload and the speediness by which the claims can be processed.

>> Councilmember Constant: I guess my concern is, as you stated, we don't have the safety, wellness and prevention that we need, so we're going to continue to have it. And the fact of the matter is we have a caseloads there and we have people waiting sometimes weeks to get a phone call back. Sometimes as you know one particular case a year just to get an answer on a particular report. And we have real people sitting there not getting care, over and over again, and then we're saying okay, to the employee who might get hurt in August, we don't have people to handle it. I just -- I think that this one action is going to compound all the other problems. Because it's not just a two-person reduction, as it shows in the position reductions. It's actually four, because there's two positions that were eliminated as part of last year's budget in the one-time -- on the one-time

list of services. So I just don't see how this makes any financial sense to take something that we already know is costing us too much time and money and then cutting what we're putting into it to compound the problem. Probably exponentially. So I'm just really frustrated about that because those of us who sit on the Public Safety committee have heard this audit and discussed it then we heard the disability audit and the two issues are inextricably linked. And we hear the stories from our employees of waiting and waiting and waiting. And things not happening. I see this system imploding in three months. I think it's right on the brink. I think this is extremely penny wise and pound foolish. And I think it's going to have real impacts on real people and you're going to have not only a reduced workforce because we've laid off hundreds of people but we're going to have a whole bunch of other people who don't get back to work. And I think that's a real problem. So I urge you to find a way to change this. Before we finalize this. Because I think this is a rest peep for disaster and implosion. We know we have a problem and I think we're exasperating it. And then I know we haven't gone over everything else in the strategic support section that we're going to be dealing with today, but all the areas we're going through today, but I am not going to be here this afternoon. So I just wanted to maybe ask Jennifer a question, and make some comments on the area the mayor and council budgets. If you look on page VIII-233. You'll see that from 2009-10 to 2011-12, which is basically two years, the overall expense for us, up here, has gone up 14%. We had actual of 7 seven 49394 and we're proposing 8812405. And I'm having a hard time reconciling that because every year we sit up here we tell everybody we're taking the same reduction that everybody else is. And I don't see a real correlation, or direct correlation, maybe I'm missing something to the numbers on page VIII 235. Because on the first page 233 we see council general getting a bump ever 5.5%, up. But on 235 we see council general taking a reduction of 451621. So help me understand the math.

>> Jennifer Maguire: Thank you for the question. So there's two things going on with the mayor and city council's budget that is causing that phenomenon. So first of all, the change from the looking at the actual for 2009-2010 and going into the adopted for 10-11 on page section 8-233, into the forecast of the proposed. As just like any other department, the costs, there's a lot of people providing the services, to the mayor and city council office and the costs are going up just like the rest of those of the organization from all aspects, costs just are rising from health, from some of the retirement, from what have you. The -- what happens in the mayor and city council office, from year to year which happens later in the budget process, is the rebudget process, where the mayor

and city council has typically carried over funds and rebudgeted savings from each year, if they were able to save money in a particular year and they wanted to save up for something and do it in the next fiscal year they're rebudgeted. So the actual year to year comparison can be skewed but by those carryover of one time funds. I know in the last couple of years there's been limits put on those rebudgets which has started to diminish the amounts of those carryover but that has been the phenomenon and it makes the base comparison difficult to make when you're looking at the service without looking at all the transactions behind them.

>> Councilmember Constant: So if I can jump in there how many other areas of the budget have the ability to roll over unencumbered funds?

>> Jennifer Maguire: We actually do rebudget projects. This in other areas of the budget it's a little bit different because this is not -- the way the rest of the operating budget is constructed is more in appropriations by personal services, nonpersonal equipment. And then we've got our citywide expenditures which is a pot of money. So we have distinctions. We generally do not rebudget any personal services savings and generally not too much personal equipment in the operating departments unless there's a specific carryover project that needs to be covered in the upcoming year. We have are projects for example the general plan update process that needed to be carried over to finish out that project as we haven't expended those funds. So it has worked a little different for the mayor and city council than it has for the rest of the budget in the past and in the last 20 years that I've worked here.

>> Councilmember Constant: Just to be clear we're the only ones that can rollover money regardless whether there's an existing project or encumbrance, just roll it over because we have it?

>> Jennifer Maguire: That has generally been the case but like I said there's been limits to that put in place in the last couple of years through the mayor's June budget message. In the past if I go back to the beginning of my career here with the city, there was no limits. That mayor here has put restrictions on that carryover amount. The other thing you're seeing fairs the reconciliation between the 11% reductions they're being taken here is the fact that those 11% reductions are taken on the base budget. So it's based on the forecast of the expenditures that

are occurring, in the mayor and city council's budget. So if you looked at section 8-234, you'll see that the -- you'll see that the breakout of how we actually -- because we do a pretty good detail of how we get from the prior year budget to the proposed budget, so you'll see there that we deleted carryover rebudget of \$1.4 million and then we've had to add costs though for salary and budget changes which is a phenomenon that's happening in every single department and then we also took down we resized the professional development program like we did in other departments and then from that revised base we took the 11% as directed by the mayor and city council from the council's approval of the mayor's March budget message.

>> Councilmember Constant: So in reality while we show the total of being \$8,812,405 it's actually going to be significantly higher based on rollovers when we finalize the rebudgeting process?

>> Jennifer Maguire: That is completely up to the mayor and city council of how much rebudgets are approved later in the budget process. It is hard for me to tell since that is the function of the City Clerk to monitor and work with the mayor on each council district on how much savings and the expenditure rates I don't know how much savings are in each council district or anything so I don't know how much -- I don't know what the rollover amounts will be at this time. But it's up to the mayor and city council to decide as part of the June budget message as to how much those rollovers will be if any.

>> Councilmember Constant: Thanks. And I do appreciate the addition on the bottom of page 233 where it really calls out the true budgeted figures for each council district because one of my complaints that I've had year after year is that we would show we have a \$240,000 budget when in fact it was nearing \$700,000 per council office. Although I still think and I thought we had agreed on this last year. But evidently not. I really do think that each council office should be a line item in this budget just like every other department in the city. And you know at a time when we see things like the workmen's comp issue that I just brought up, where we're having not only severe cuts in staff, but huge cuts in services that are going to have increased expenses, I think it's terrible that we don't follow the same budget rules that everybody else does and that you really can't clearly see and follow the money in the elected office. So I hope that we as a group up here can give up all rollovers like every other department in the city, and put them to where they can do some good use. Perhaps reinstating the workmen's

comp claims administration or reinstating a couple of cops on the street or other areas in the city. Because I honestly don't think there's any reason that just because we get to approve the budget we get to have a different set of rules for us. And I think we need to have continually more transparency in our budget. Thanks mayor.

>> Mayor Reed: Thank you. I want to make sure that we get the public testimony this morning before we run out of time because I know folks have been here waiting so I'm going to take that now and I know we have more council questions and there will be another opportunity this afternoon for public comment but I know folks have been waiting. Let's do that so we can make sure we have it before we break and come back to council questions. Elaine Bachman, Hon Van, Rachel Noguchi, Charlie, you all know who you are, come on down. Go ahead and speak in whatever order you wish. Since you all seem to be here on the same topic.

>> Good morning, my name is Elana Bachman workers comp supervisor. At a council meeting in March the city council directed staff to develop a comprehensive program to develop the total cost of its workers comp program. A comprehensive wellness health safety and program is being developed at city council's direction the program goals are to insist injured employees to receive appropriate timely medical care so that they're able to go back to work. Prevent injuries and accidents, and control workers compensation cost to the city. The cost of the workers comp program is at \$32 million approximately. One of the root causes is the claim adjustor caseloads. The current average assignment is about 278 claims per adjustor and we have already begun the redistribution of the caseloads due to the proposed budget cuts. So the average caseload will go up to about 402. Having caseloads similar to industry standards would allow us to be more proactive in claim administration which includes such things as claim investigation, medical treatment monitoring and return to work. The industry standard is 150. Currently, the county of Santa Clara, City and County of San Francisco and self-insured employer Safeway, all support staff to help manage the program. We are slated to lose four workers comp claim adjustors. Last year the program lost four FTEs, safety officer, a workers comp adjustor 2, a senior office specialist and an analyst 2. The total cost to the program in the last four years will be now a total 8. We can't afford to lose staff if we are going to be part of the city's solution to develop this comprehensive program to control workers comp costs to the city. The workers comp staff can help administer our existing program and any future program that will be developed.

>> Mayor Reed: Sorry your time is up.

>> Thank you.

>> Good morning, my name is Hon Van. I'm here to make an appeal on the recommendation of eliminating four workers compensation adjustors. In 2007 the council pursuant to an audit finding approved the hiring of five additional adjustors what is projected to save the city \$10:million over the next five years. In a period of four years expected changes have already become apparent with the hiring of new jawforts adjustors enclosure of claims and most specifically, timely and appropriate payment of indemnity and medical benefits. These changes have resulted in thousands of dollars of savings and this is expected to continue if the council is willing to stick to its original objective when it has initially froovied hiring of the additional adjustors in 2007. While we lost only one adjustor last year the whole team strongly felt the impact of such reduction. So how much more impact if we lose four this year? Surely this will save the city about \$400,000 but are you even aware that this savings may be offset and could even lead to an additional cost in terms of delay in processing of claims, increase in claims cost and potential penalties and interest? If the city is indeed committed not only to balancing its budget this year, but if it is likely committed to its achieving savings through workers compensation reforms in the next five years, then reducing the workers compensation unit definitely is not a strategic way to go. Thank you.

>> Good morning. My name is Rachel Tagud. I'm here to express serious concerns on the proposed elimination of two workers comp adjustors. Along with expiration of two more from the 2010-2011 budget. In the council last March you have approved several reforms in the workers comp program which is part of the five year fiscal reform plan. While the focus on the romp are on the savings that we are hoping to achieve we also have to take into consideration that these changes would involve people to implement it. And most of these changes would require active involvement and participation from the workers comp unit. As it is now, each adjustor is currently handling an average of 278 cases, which is way over the industry average of 150. If we lose four more adjustors, this would bring their caseload to about 402 which would be considered by industry experts as highly impossible and unworkable. How can you expect the remaining adjustors to take on additional responsibilities when they're

already overwhelmed and overworked, just by doing their regular adjusting duties on the 402 cases that they are expected to have by the end of June. If you really want to achieve savings, doing reforms in the workers comp program you have to recognize the fact that you also have to invest in people who will be on the front line implementing these reforms for you. This is one aspect which is missing in the fiscal reform plan. It should have included the strengthening of the workforce unit, of the workers comp department, so true reforms can be successfully implemented and not reduce its staff which would clearly result in the failure of the so-called fiscal reform plan. Thank you.

>> Good morning. I am Charie Chan and I'm one of the four workers compensation adjustors directly affected 50 proposed reconsider your decision. Given the current situation and hardships faced by all of us I fully understand that you need to make cuts that will affect us city employees. But elimination of positions in a department that is already understaffed is not the best long term solution to the problem. At the present time, each adjustor already handles an average of 278 claims. Which is almost doubled the industry standard of 150. By eliminating four positions it drives up the numbers of claims handled by each adjustor to 402 claims. It is humanly impossible for each adjustor to efficiently handle this much caseload. This might result in errors, and penalties that would cost more than what you will save by eliminating these positions. There recently completed an alternative service delivery analysis for the workers dpengs unit and it is showed that internally than going to a third party administrator. Based on the recent RFI the cost of some PPA is almost double than the current city cost. I hope that the council will consider this information when making their decision about the workers compensation unit. Thank you.

>> Good morning, my name is David Oke and I'm a workers comp supervisor. Historically the workers comp system has not been adequately positioned nine adjustors with an overwhelming case load of about 400 per adjustor. There have been several audits and a recent request for information for significantly less than other self ensured cities and counties. TPAs third party administrators and workers compensation insurance carriers. Their average caseload is about 150 meaning a program of our size would require 24 adjustors, additional supervisors, and more support staff. So can you can do the comparison. We cannot reduce services in proportion to staffing levels because we are legally bound to provide a minimum level of services. The law only allows qualified workers

comp adjustors who have specialized training work experience and certification requirements to perform this type of work. There will be difficult decisions to balance the budget but if we continue in the current direction, because increased cost will -- increased cost will exceed the savings of these eliminated positions so we want to try and avoid that. The worst case scenario is to lose our ability to self-administer the workers comp program. So then we would be forced to go to a third party administrator which would be double the cost of the current program over the other alternative which would be to go to a workers comp insurance carrier which would be even more than a third party administrator. So I want to thank you for your time and please help us provide services to our injured employees who serve our community. Thank you.

>> Mr. Mayor I'd like to just clarify that the adjustors who were here, requested time off from -- in order to come and speak before you today and they got permission from their supervisor to do so.

>> Mayor Reed: Thank you. That concludes the public comment for the morning. We have a few more minutes we can come back to take up the topic again for councilmember questions. Councilmember Kalra.

>> Councilmember Kalra: Thank you. I think that these service areas as indicated earlier although they're not necessarily seen by the public are critical for us to function as a city and they've been squeezed as much if not more than the city departments that are of traditionally seen by our residents. I do want to follow up on some comments Pierluigi made, and in agreement in regards to some of the I.T. issues and I think Vijay you also mentioned the silo kind of effect that currently exists and that although I imagine it will take a whole lot of resources to get a more comprehensive network in place, that ultimately that should be our goal. And I can imagine that at this point you're just doing more triage than anything else because of the lack of resources, and that in the short term I don't imagine that we can get out from under the silo system. But I think that as far as I'm concerned the sooner that we can get to a comprehensive network which actually allows for your resources to be more broadly applied and without having kind of departmental I.T. folks within the department makes the most sense. So again I know that's going to take some resources to get there and I think that at least you, more than anyone else understands where we got to go with that but I'm hopeful that at some point we can get moving in that direction. The workers compensation program, the folks that came here, as I indicated when the report came

out, they're extraordinarily efficient. More efficient than adjustors in the private sector in terms of the workload they have and so certainly I think that I.T. infrastructure hopefully can help with -- I mean that I.T. infrastructure can help in all departments. But because of the enormous amount of workload they have hopefully there's some ability to ease some of it through technology. But I do want to reiterate my strong feeling that we have excellent employees and particularly in the workers comp, the amount of work that they have had to take on is enormous and I think the report that came out in March validated that. Thank you.

>> Councilmember Nguyen: Councilmember Rocha.

>> Councilmember Rocha: Thank you. Page 115. The bullet, one two three for five six. The reorganization of executive management aligning HR department over direct oversee CNO . OER and HR, are those two different?

>> City Manager Figone: They are different. HR, and OER is under the office of the City Manager.

>> Councilmember Rocha: We have HR and OER as well the point here is the benefit and there maybe I'm wrong but there are other philosophies that sometimes it's better to have those as stand-alone as they serve employees and the confidential nature and in some cases the intent of HR and the OER may be different than the management of the overall business, or in our case, government. So I'm not sure I'm completely bought into this philosophy, and maybe you can help me understand why you feel that that's probably a better service for San José, and also the employees.

>> City Manager Figone: Yes, I think they're very compatible.in fact there is many, many synergies between OER and HR. So it's unfortunate if there's a belief that there are separate silos that don't serve the same organization because they absolutely do. The idea would be on the HR side that an assistant director would handle the day-to-day operations of the human resources. So in terms of the transactions, service delivery elements of HR, which are, you know, benefits and hiring and bringing people online with the city, and then certainly when they leave the city, and of course, workers comp which is somewhat of a stand-alone in my

mind. And then on the -- so what we would do is, in hiring that assistant director, evaluate, given where we're at with the size of the workforce, whether or not that is enough management capacity to oversee the HR side on a day-to-day basis. And then on the OER side that team is pretty stabilized, so depending where we're at with the various reforms I don't really think we need to do much adjustment there. The directors on both sides would be de-funded. And as we move forward, what I would do is evaluate, given the City's fiscal condition and how this model works, whether or not, you know, what timing the HR director or the OER director might need to be reinstated. But given the reforms and the synergies between both sides of the human resource world, which I consider OER part of, as well as the City's fiscal condition, and the amount of management that is needed to manage the issues that are facing both sides, we've touched on quite a few of them today, I think both the customer service as well as the reform efforts can be handled very well under this structure.

>> Councilmember Rocha: To share with you where my position or where I'm coming from and why I spoke to the different philosophy is, my significant other has been in HR at PWC for 15, 16 years. So she has -- I have learned a few things, living with her, about how the view of HR separate from management is really important and critical to the employees in terms of confidentiality. And having a trust in HR that what they're dealing with is not just pure management, it's more of being able to go to other employees and speak freely and openly about things. So that -- so you understand where I'm coming from and why I spoke about that issue.

>> City Manager Figone: Yes, I appreciate that very much. And probably in our environment it's a little bit different. In fact the confidentiality side is on OER, that's where the whistle blower supes harassment and descrimghts. And our HR side very important benefits, of course you always have the confidentiality there but more tractional in terms of services to the organization. So I think it's in part that the public sector environment that might create that. But I completely appreciate your perspectives.

>> Councilmember Rocha: Well, thank you. Page 119. The second bullet from the bottom speaks about the retirement systems and the performance. \$277 million I believe is quoted here. What's the earnings assumption percentage on that, the 277, or is that a different calculation that we use in our normal?

>> City Manager Figone: I think we'll need to get back to you on that.

>> Councilmember Rocha: Okay. Page 121, second bullet, health care. I'm going to piggyback a little more on --

>> Mayor Reed: I'm sorry, councilmember, which Roman numeral section are you in?

>> Councilmember Rocha: VII.

>> Mayor Reed: VII? Okay, I was looking in the wrong section. Couldn't catch up with you.

>> Councilmember Rocha: On the bottom. Page 121, second bullet the medical insurance. I'm going to piggyback on a comment that Councilmember Pyle made yesterday and also a conversation I had with the City Manager's office. And share some of my thoughts on the approach that we've had in terms of our health care cost. And how they've been skyrocketing and I've heard mention of another 14% increase that we may see on the Kaiser side. And my thoughts were that we seem to be just conceding that these health care costs are just going up and we're going to pass -- not pass, we're going to pay for those costs and we're also going to have the employees pay for some of those costs as well. So it is not about a passing on of cost to the employees, I don't want to insinuate that. My thoughts are to look at other alternatives or more health care options that aren't as costly and costs aren't continuing to escalate. I was in the emergency room with list kid and I was in the emergency room with my kid and having been a Kaiser membership for 30, 40 years heck of a long time I've seen the service reduced but I'm continuing to use the same provider i'm wondering if we're going to look at a different approach. I know you spoke of an RFP and you spoke about that and that's my thoughts on it.

>> City Manager Figone: Actually councilmember we couldn't agree with you more. I'm not sure where we're at in the RFP cycle. Maybe Kay can comment on that.

>> Actually there's, we continually look at alternatives I know under the fiscal reform program there are -- our staff is working with OER and looking at some optional ways of providing medical insurance. That is a different plan

design, and I think you know there are only so many medical providers, one of them of course is Kaiser, and then we've got Blue Shield and others. I remember not very long ago that we had an HMO that went out of business in Santa Clara County, I can't remember the name of it and we went on the search of HMOs, the number were very small. There weren't a lot available. It's not so much seeking another provider but coming to an understanding of a plan design and what we want to be able to provide to our employees in terms of the priority of medical services and what the city's willing to contribute and then also what the employees are willing to contribute so that we can work on a perhaps a new approach to that .

>> Councilmember Rocha: Got it, thank you. That helps me understand. I just think we should be leveraging our power and numbers as a potential customer because you know we have not only the employees but we have the retirees and we really need to be pushing for some different costs on this and the impression that we hear by employees is that we're just passing on the cost to the employees. I'd like to show that we are doing work to not just do that and thank you for sharing that. Page 124. This goes back to the -- I'm looking at it's called performance appraisals, not performance evaluations. Is that always been performance appraisals?

>> City Manager Figone: Same, same idea. Is that a new one or am I missing -- okay thank you.

>> City Manager Figone: We've used that term to for a long time.

>> Councilmember Rocha you and I had a discussion about this one other time when you saw the target and the estimate and wondering why it was as low as it is. We were trying to be reasonable but obviously we have got to do better but I think our goal, I know that the City Manager is going to come back with a response on how we're going to approach the performance evaluations and getting them where every employee is going to get a timely evaluation, and where the evaluation is a meaningful evaluation. It's one thing to just get the form done, and given to the employee. It's another thing entirely where the evaluation is a meaningful communication tool around setting expectations and evaluating performance. But in both areas, we want to do a lot better than we've been doing in the past.

>> Councilmember Rocha: Well, thank you, that's great to hear. And I'm going to share my concern again that I had last time, and that's when I see the fiscal reform plan on page 32, one two three fourth paragraph last sentence when the city does have money in the future to provide pay increases it is recommended it be done solely based on performance. So clearly, if we're going to move in that direction then we need to do better than this. And if we don't do better than this then I'm not comfortable moving to that and I don't know that anybody should be. So thank you. Last point, and that's a new one that I didn't have here in terms of my notes is the workers exception testimony, and I have to say, when our employees speak up and talk about their experience, and their concerns, we should listen. And to me that testimony was very compelling. So thank you.

>> Mayor Reed: Thank you. I think we're going to stop for lunch. One question before we do on the workers comp. I think I heard Kay Winer say that these proposed reductions on workers compensation would take us back to 2007 staffing levels. Just to note the reduction in the rest of the statistical levels will take us back to 1986 staffing levels.

>> I want to let the council know, I've had numerous conversations with Councilmember Constant, I've shown him the tables, the ability to actually meet the requirements determined by the state in terms of our turn around time in submitting the claims and all the processes, and we are actually very good at that rate right now. And of course we recognize that if that changes with fewer staff people, those rates will go down in terms of compliance.

>> Mayor Reed: All right, we're going to recess for lunch. We will be back here at 1:30. We'll continue with strategic support, there are a few more questions I think and then take up the council appointees and then on to neighborhood services, sometime this afternoon. We're in recess, thank you.

>> Mayor Reed: We have most of the work done on strategic support but didn't quite get finished with it. Then go to the council appointee section. On strategic support items I know that Don Rocha had a question this morning on rate of return. I don't know what page it was but I'll let Kay Winer to.

>> Thank you, Mr. Mayor. This was a question we have now response to the question was, what was the estimate -- rate of return on Federated and the police and retirement investments.

>> Right I believe the question was on the actuarial assumed rate for the two plans. For the Federated pan it was 7.75% and for the Police and Fire it was 8%.

>> Councilmember Rocha: Is that the term you use justified, is that the earnings assumption percentage?

>> The rate of return, exactly.

>> Councilmember Rocha: 7.75 on Federated and Police and Fire is 8%.

>> Yes.

>> Councilmember Rocha: Thank you.

>> Mayor Reed: Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you, mayor. So as we're going through sort of reorganizing a lot of things, in our city, I just wanted to start out by commending the City Manager for her leadership in terms of consolidating a very important position actually the director of OER and also, HR, human resource into one position. I think that's a saving of 500,000 is in these difficult times as well as looking at other options or other areas where we can

actually free certain positions to sort of save, you know the short term savings for now. So I just think it's critical to commend the City Manager and then for showing her leadership and ability to help save some of those costs. At the same time, I have similar concerns as Councilmember Constant has raised regarding the workers compensation claim adjustors. We have had an extensive discussion at the Public Safety, finance and strategic support committee meeting. I'm curious to get the report back, that the adjustors earlier the speakers were earlier mentioning because I have similar concerns that Councilmember Constant does whether or not eliminating the two positions this year is really going to save us money in the long run. We don't really know if this third party will do the kind of work that we want them to do, maybe the savings is there but I think the efficiency is just as important. And just as I have some time to go over the audit at a that was done for the workers compensation program and it cost us about \$17,000 for each claim. And so there's just a lot of things that it's really complex about this particular program, and so I'm not looking forward to supporting the elimination. I hope that when the report comes back, that we were able to justify why staff is recommending the eliminations. But at this time, I just think it's difficult to support something like that.

>> Vice Mayor, could you clarify what report you're expecting to get back?

>> Councilmember Nguyen: I think speakers were talking about they're doing some kind of comparison study to see whether or not you know staff recommendation justify the \$400,000 savings that you mentioned earlier in your presentation.

>> I don't -- there is not a new study. There was a study that was done through the RFI process where we received proposals from a number of private-sector companies that did claims administration and compared that with the cost of our own program. And it showed that our cost were a lot less. Of course our work loads were less than ours. One Elana Bachman who was the first speaker was talking about looking at our comprehensive program that deals with workers comp, health, safety, all of the elements that are part and parcel of the expenses we incurred dealing with employee safety injuries and getting employees back to work. That is a framework that is in the process of being developed and submitted to the City Manager, for review and dissemination and

discussion with the council in the fall. But those -- that's the only study that I'm aware of and it's not really a study as much as our laying out a work plan for dealing with this program in a more cohesive comprehensive manner.

>> Councilmember Nguyen: I see. Why, I mean, that's what I heard and I think one of my colleagues was mentioning about you know looking forward to finding out more about that particular study or report or whatnot. But in any information I guess from now until we actually adopt this budget that you would have in regarding to this, you know, this elimination I would appreciate it because just from hearing the staff presentation at the public safety meeting and today, and having this audit report in our hands just -- it's not compelling enough for me to even support eliminating the two positions on this particular program, that's all. Thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: I just wanted to support my colleague. I think that's absolutely true. There comes a point of diminishing returns and listening to the numbers, in reference to what is normal and being around 150 and we're into the 400s. That does not speak to the way that we want employees to be treated. Thank you.

>> Mayor Reed: In addition to the strategic support specific before we go to City Attorney would be next I think us kicking off the council appointees. Councilmember Herrera.

>> Councilmember Herrera: Yeah, I just wanted to ask a question on I.T., on the refresh that you were talking about, earlier and I know there's hardware and software and all kinds of things that would come into play. Do you know the total amount, dollar amount that would be? Do you have any idea? And is at a -- at the time Microsoft, is it changing over to the Microsoft platform part of that?

>> Thank you, councilmember. Vijay Sammeta acting chief information officer. It would -- at this point we're so far behind it's soup to nuts, everything, everything from Microsoft office productivity suites, I should say office productivity suites, fire station the telephone system our financials our budget application, and you did see the budgetary -- the budget proposal for the HR payroll upgrade. That's one small component of it. It's in the

millions. I believe if we were to do everything I think in our infrastructure backlog memo it was about 55, \$60 million worth of investment. Obviously we'd phase that in over time, and -- but the biggest struggle we have is that there is no ongoing refresh money for technology. So much like you know our roads and our streets, if we don't keep it at kind of a healthy place, it just -- the problem exponentially grows. So it's very similar to the study sessions you guys have seen about streets and sidewalks and things like that. It's the cables and fibers and bits and bytes that make up our digital freeways.

>> Councilmember Herrera: That 55 to 60 million include network improvement it includes hardware -- Mr. .

>> Applications. The desktops themselves, kind of soup to nuts everything.

>> Councilmember Herrera: And you say kind of right now you have forecast islands, I don't want to say information islands, probably different systems old kinds of software on them and not necessarily things talking well with each other playing well with each other?

>> Correct. Our creation of the budget is probably the best example of that we are using an aged payroll system with an aged financial system that don't integrate well together. So at the end of the day what this means is the very islands we've rks uses manual procedures and processes to get us to a balanced budget. So the technology really isn't serving the customers who need it on a day-to-day basis. We're squeaking by but we certainly aren't efficient.

>> Councilmember Herrera: So I guess what I'm trying to understand and I know -- I don't expect to have the answer right now. What portion I guess out of that 55 to 60 million could get us to a point where we could save enough money to make it worth our while to try to find the money to do that? Like what is -- how much would it take? Because you could have situations where somebody, you know there's only one person that knows how to manage the system and so if they're gone everything comes to a standstill or you know, it takes three people or more people to do a function that would otherwise be handled by one person because you've got inefficiency. So I'm just trying to get a handle on --

>> Absolutely and you know part of the assessment kind of going forward is to kind of nail that down. There is a ratio of you know the right mix of hardware, software and staff. In many of our areas we only have one person, e-mail, for example, budget for example there is literally only one person. In terms of risk there's tremendous amount of risk and you know, the tradeoff is the productivity that every employee who deals with those systems you know benefits from. So part of the analysis kind of going forward, and I'm going to admittedly say that we'll have to get back to you, sitting in this seat for 60 days, I fully admit I don't have my hands around everything but needless to say, that is the intent going forward working with the manager's office doing those assessments and kind of trying to prioritize, getting together a phased plan as funding becomes available put them in the highest priority areas that have the broadest reach. That is part of our focus about going ton enterprise and kind of letting departments move at the pace that they need to move for their business models while allowing us to invest in those areas that are broadest-reaching to the organization.

>> Councilmember Herrera: And also in terms of that refresh what connection do you have I'm sure it's a different part of the organization, I'm thinking of economic development and their ability to talk to customers, via the Internet and Websites. How much is your updating or the infrastructure you have, how does that tie into what they need to do in terms of getting the message out and social networking kinds of things and --

>> Thankfully me and Kim Walesh just tarted meeting on that subject. Admittedly we've met once. I think our goal is to stay committed to meeting and really focusing on getting technology and economic development especially in the downtown area working much tighter together. A good example is we just got Adobe connected to our convention center so they could hold their tech summit. I think the estimates from Team San José are about a \$1.5 million economic impact downtown. That was admittedly a last-minute project but a very successful projects and Adobe seems very committed to doing future projects with the convention center. Those types of synergies we're looking at from an infrastructure I.T. and economic development especially downtown where there's so many great assets.

>> Councilmember Herrera: I think we're fortunate to have you Vijay and working with Kim Walesh that's great. What you need, the things you need in order to make those kinds of initiative move forward please let us know. Because I think those are really important. The kind of initiative you just speaks in terms of moving economic development forward. And I think what we see here with I.T. is I.T. a lot of times it's obviously in the background, it's in the back room but it can really be a strategic enabler for our city much like it is for businesses out there so we need to really look at this as an entity that can help us strategically really move forward economic development. And productivity and all kinds of things. Last, and maybe I'm talking at HR side of things but in terms of workers comp, one thing we should congratulate our organization on is we had a reduction in cases, 13% right? 13% reduction I saw in here, I don't remember what page it's on. In a number of cases filed.

>> Well I think that --

>> Councilmember Herrera: Right?

>> The number of cases filed is not the important benchmark. Really, it is how fast we close the cases. And to the extent that we close faster than we open new cases, that's the way we would like to actually gauge our success.

>> Councilmember Herrera: Well I also think it's important that fewer people are filing claimants too.

>> There's no doubt.

>> Councilmember Herrera: I would rather see it going in a 13% decrease rather than a thane% increase. Somehow or either, I don't know but I'm very happy to see that number going down. I think the frustration is even though that number is going down the cost per claim is going up, right? So the cost is going up but the number of claims is going down.

>> Some of that is the claims themselves. When you look at the quarterly report that we present to the committee, the outlier numbers are huge, it is a skewed number, every budget office too to make sure we stay within our

appropriation of the citywide expenditures for claims as well as the disability leave budgets are appropriated to departments and of course containing our own cost in our workers comp administration. So it is all those pieces that we have to look at. And I think most of us are getting to be stronger and stronger proponents of the front-end expenditures we need and the commitment that we need to make towards health and savings so that it really does drive down in the long run the cost that we incur on claims. M well I'm just very happy again to see the number going down which I again think that's a good sign and I am also very concerned about the caseload that the workers comp department's going to have to deal with here. So obviously, we are looking at some decreases there and if we save those positions then we got to cut somewhere else. So there's no easy answers to this budget but the other thing I guess I wanted to ask I.T. is, is there any way technologically we can help the workers comp folks on the front end, I think I should ask the HR people too anything technologically we can do to help the situation?

>> I don't think we've actually looked at that and had a discussion with I.T. I think they need to understand exactly how we process and what systems we use and there may be ways of moving some of these things more quickly through the system. We'll look at that.

>> Councilmember Herrera: Yeah, I think any way we can do that to automate, to have things entered once, and populated instead of having double -- you know more than one entry, having Websites, having information to be able to be delivered to people, all these things I think we should explore if we can to help get -- help with some technology assistance.

>> Thank you.

>> Mayor Reed: I think that completes the strategic support introduction to this section. Now we're going to switch to the council appointees I think starting in alphabetical order, starting with A for attorney. Rick will take it away here.

>> City Attorney Doyle: Thank you, mayor and council. I have a PowerPoint that I want to go through. This is my 12th budget presentation, I was thinking about that this morning. And this is the most depressing of any of them. And I think probably it can be said probably by anyone else who's had to give budget presentations here in prior years. But I want to run through sort of an overview and then what our proposal is and then where we're looking to regain some positions. Let's start with the first slide. This is just sort of running through an overview of our department's requirements. It's self-explanatory. We represent the city. I want to note here. I'm presenting this as City Attorney but because the redevelopment hits are so big and have such an impact that I'm also addressing the general counsel's side of this as well. Next slide. The -- we've said this in the past and it continues to be the case is that we have the fewest number of attorneys per capita. The lowest outside counsel cost and the lowest general liability claims and liability mercury News. The obviously that's good news but the problem is is that we keep going down and getting fewer and fewer people and I think my concern is obviously we're not able to do much of what we've been able to do in the past, and the exposure to the city is going to become greater, and I -- that last bullet is likely to go up. Next. This is just sort of a graph showing the per capita numbers. Next. This is -- Kim Welsh talked about the number of economic development officers in other cities. If you take a look we are well below other major cities. Next. And this is outside counsel cost per capita. I want to note what's important about this. The City of Los Angeles city attorney's office has taken more work in house, as a result their cut its attorneys staff and their outside costs have gone way up. I think at the end of the day when you look at the hourly rate of outside counsel versus what you get in-house, you get more bang for the buck in-house as a general rule and it's going to cost you a lot more. Although I can note that the -- one of the legal newspapers, the daily journal had an article about six months ago was talking about the State of California, the attorney general's office they had a hiring freeze and they had been spending a lot more money on outside counsel and more money on litigation expenses generally as a result than in prior years. It's ironic the state finds itself in the situation we do, you have to get the work done, but you don't have the staff to do it. Next, this is a graph showing how well we are, and it has a lot to do with the good work we do in our office but I also want to commend the citizens of San José that we have an educated population. We have a very law abiding population. We don't have a lot of the same problems you get in other cities. That being said, with infrastructure cuts and the cuts whether it's sidewalk repairs, street repairs, police cuts, you're going to see increases in those numbers. Next. So our reduction target this year getting to the meat of it, we were given the 11.1% departmental reductions that 25% hit from the

Redevelopment Agency. So our total budget hit is about 36% of our budget. The Redevelopment Agency for years we've done a lot of work for the agency. They've subsidized a lot of work both on the litigation side and the city side. And the positions in addition to one-time funded positions last year results in about 20 positions that we're going to have to cut. Next. I think Jennifer yesterday mentioned that -- I think she said 74% but our number was 71%. Somewhere in the low 70% range is the budget for personal services. Ours is 94%. That's not unlike the City Clerk or the City Auditor or the City Manager. We're people intensive, we are not bodies. Next, so the proposal that we're required to make is 20 positions. That's ten attorneys, ten support staff and the support staff includes paralegals, legal administrative assistants and investigators. Next. This is, we have 81 FTEs, this is -- we would drop to 61, legality me say when I first took this job we had about 110 authorized positions. So since 2000, 2001 we've had a significant decrease. And again we're going back to 1993 levels. So it's a big hit. Next. This is the currently breakdown, I'm going back five years. Management positions have been cut but I want to note our managers, I call them player-coaches. They are -- you know the managers, you know Ed Moran, Freeman, Patty Degnan, so it's not a supervisory function the litigation positions have dropped tremendously and I think that's my biggest concern. Going from 22 to 18 this year, and potentially as low as 12. Much of that is the result of retirements. People leaving the city. I've had -- I've lost two to retirement. I've lost two to other entities. And potentially we may lose more. The transactional numbers have dropped as well. And you can see that. So you see the total number of attorneys going from in 2006, 2007, 53 to 34. Next. Similarly, support staff, and legal admin, legal secretaries, the paralegals. I want to put a pitch in here. Legal secretaries are unique. Anybody who's practiced law knows the value of a good legal secretary. It's not just anybody who can do it. First you have to know where the courthouse is but more importantly, there's a lot that goes on that they do on a day-to-day basis. When I first came to the city back in 1989, my first stint, we had one secretary per every two lawyers. We have one for roughly every five. Some have four, particularly if they're litigation secretaries. But the workload is tremendous. With the paralegals you're only as good as you are able to deal with discovery and get the assistance there. In terms of getting cases ready for whether it's trial or working on transactional matters, getting ordinances put together, contracts, resolutions, working with agenda review, mostly the clerk's office and the commerce's office. Other in support staff include investigators and then police officers. We've always had police officers in -- that deal with police claims. We are proposing one -- one is going to retire to we'll have two and then support management again they're player-coaches as well they carry their own work loads. The total has dropped

similar to the lawyers. From 45 to 37 currently and proposed to get down to 27. Next, this is just an item of our workload major projects. Aa lot of these things are self-explanatory. You've seen many of these. Next. And then we'll look at what we will have to reduce under our contracts you know we've looked at ten, \$25,000. But just given the resources we're going to have to even have more limited review. The basically advice we are going to end up this is like everyone talks about triaging. It's going to be based on the seriousness of the issue and having to prioritize. The hell training we do a lot of legal training for city staff and that will not be able to-d we won't be able to accomplish that. Review of city memos and other documents other than identifying legal issues quickly, I think there's going to be a reduction there. The posting of legal documents that means things like other than ordinances where you're talking contracts resolutions, I think it's going to fall on either the City Manager's office or the City Clerk's office for them to comport with the sunshine requirements. Because we're losing the paralegal who handles those items. Next. That's similar, boards commissions we're going to have to reduce and prioritize what we can cover. And then I want to talk about adverse impact to the quality of the work product. A lot is said about numbers and I can talk numbers like any other office but what I'm really concerned about is the quality. Not just the quality of the work product, but the quality of the employees in my office specifically but probably applies to the organization as a whole. I've seen a few people decide to leave for better pay, for better opportunity. That used to be the City of San José was San José a place that people wanted to come to work, and I think increasingly I'm concerned that people are going to other public agencies because of pay because of challenges and that's a risk I think that we're going to have to address long term not just in my office but I think as an organization as a whole and I think we're all concerned about that. You get what you pay for and when people see they're not facing the potential for any kind of salary increases or advancement and I understand realities of budgets it does have an impact of people and you're going to lose a lot of good people. Legality me litigation load, this is an area where we cover -- you see these when we come into choafd session, all these types of cases including workers compensation that we've been talking about with HR. Next. And this is where we're going to have to cut. Workers compensation. We won't be able to handle workers compensation cases. We have three lawyers that do the workers compensation cases. I can attest that they work very closely with HR. There is a concern, I think the system's broken. I think you pay -- I think the City Auditor's report was 24, \$25 million annually and 32, I was wrong. Low balling it. And it's a real problem. I think the longer or the less cases are properly handled at the front end means more litigation for my staff. If we can't do it anymore you are going to go to outside

counsel and their fees are going to be higher. I don't see a savings in fact it is going to be going the other way. I can't be handling police cases general liability cases I just don't have the staff and just the business of the city. We talk about and frequently it's talked about how the council can control how much work the lawyers get. It's true to some extent but not a large extent. I mean we just have what's called the business of the municipality, which is dealing with finance issues whether you're talking about debt issues or letters of credit issues or compliance issues and the compliance issues don't just fall in finance issues. We talking about the worker of a WEPECEPE. We have all of you have employment problems in your own office and you have to deal with that in an organization as a whole. there are a whole host of work of being an organization that work has to get done and it's not that council has control over well we won't give you that much more work. There is like I say some of it but the day-to-day work still has to get done and it's not just limited to the lawyer's office. I think it goes citywide as well and I think that's important to note. Pros wution of municipal code violations, medical marijuana we are working with the opt medical marijuana tax may be a source but that we're not going to be able to close down as much as 80 or more of these marijuana collectives or dispensaries or whatever you want to call them at this point because we don't have the pitchess motions, I look at councilmembers Kalra and Liccardo especially, these are motions that typically criminal defendants bring but plaintiffs bring as well to access police records where you have excessive force that's claimed or an officer lied about something to try to get access to their personnel file. IA will have to show up to court with the file and we just don't have the resources. Right now I have two very junior lawyers who are unbenefited are being paid just to contract them out to handle that. But with the number of lawyers that I may be left with I won't be able to continue that. Gang and nuisance abatements, we haven't done one in a while but every now and then there's a request that we look into it. It's similar to the police department having diminished resources that becomes harder. And then the rest is sort of self-explanatory as well. Let me move on. I think I've got to get through this quicker. We will reduce our discretionary litigation. We don't, a lot of unless it's a serious health and safety case we're not going to be able to get involved in that. Animal services, I say if the dog bites we'll work on it but if it barks it's a private nuisance issue. Civil service we show in the book how many more cases are going to the civil service commission. There are so many more displans, particularly terminations. We'll work on termination case but for suspensions or less for termination cases we're not going to be able to handle. Collection cases the debt has to exceed \$100,000. The others are going to have to be left to the finance department to deal with. And our un typically able to use that as a way to get not just revenues but

also, compliance. We retaining outside counsel for some land use and CEQA cases we already had to retain an outside firm to handle the inclusionary housing cases. That will probably cost hundreds of thousands of dollars. None of this is good and I'm not giving you any good news. But we're just -- we're just sort of at the end of our rope on this. Next. So the exposure, and the additional risk, we're just -- it's obvious we'll increase our liability exposure, we'll be paying higher settlement payments and the enforcement actions will be affected. Next, the costs particularly workers compensation if we eliminate this program it's going to have to go outside of. The expertise you need in certain land use cases complex litigation, on specialized transaction of legal services I think we're going to have to look at this and this is an average hourly rate of away we pay currently. We don't use outside counsel much anymore or we haven't but that's sort of the average rate that we pay if we have to use outside counsel as opposed to what our in-house counsel rates are. Next. This shows how much revenue we've brought in. This includes the healthy neighborhoods money, the tobacco settlement moneys and we carry that over. Last year we brought in a lot more, the PG&E settlement and the landfill settlement. But -- and this year we're down there from that but, you know, if we -- the more resources we have the more we have ability to go after those types of things. Next. This gets to the Redevelopment Agency and I just want to touch upon the general counsel side of this. There is going to be continuing work and I've been working with the mayor on this in terms of the types of -- there's still legal work to be done. There's asset dispositions, there's debt compliance issues. They may only have eight employees but there will be some employment issues, albeit not much. There will be some litigation we'll have to work on and potential litigation. We'll see, fortunately there's less litigation in the agency side than in the past. Next. What the proposal calls is one deputy City Attorney, \$250,000 which pays for a senior deputy City Attorney with benefits and \$200,000 to cover for litigation. And next what we think we need is to have two attorney positions and that's not two lawyers. It's one lawyer that does the transactional side but to the extent that we're using employment, CEQA, on the transactional side, finance, there's always finance issues, compliance issues, to the extent that they use my services, I think that needs to be in the mix. A legal analyst and a half of legal admin. Litigation amount like I say right now fortunately it's less but if we end up fighting with the state or others for redevelopment that may be insufficient. Next. So, the summary of the impacts. The staffing levels are not adequate in our view to meet the legal needs of the city. And as you see there'll be significant reductions. And you need to talk about the ethical obligations because those of you that are lawyers I think you understand the professional obligations that we have. And we have an ethical obligation that if we

cannot do the work, in a competent manner we can't do the work. We have to turn down the case. And so these cuts are not designed to say okay, we're going to just shut down. It's given the proposal, where we can put our resources, and meet those ethical obligations and to the extent we can't that's where we have to farm it out or not do it. Next. And so our proposal, again, we're working with the manager's office on a couple of these, working with the mayor's office on the redevelopment issues. But we would propose, I think we need to look hard and fast at workers comp. I think similar to the HR function, this is only going to get more expensive and the system needs a total revamping, and revisiting. But in the meantime we've got to stop the bleeding. Next. And this is I guess what I'm left with. And I don't know how else to put it. But it gets down to how much justice can you afford. And it's -- you know, I think we work very well with staff, we've been at the forefront of a lot of the economic development measures. The mayor's streamlining trying to get projects moving in North San José. We were at the forefront of those and bringing those forward and we always will be but to the extent that we have less and less resources we're not going to be able to meet that demand. So with that I'll take questions.

>> Mayor Reed: Hold the questions until all of the O&M will make the questions. That way you can ask next and next in order will be auditor.

>> Sharon Erickson: Auditor comes after attorney, absolutely. How many auditors can we afford? The mission of the City Auditor's office is to independently assess and report on city operations and services, reporting directly to the city council we conduct performance audits, to identify ways to increase the economy efficiency, effectiveness and accountability of city government and provide oversight of the external auditors on the annual financial audit, single audit, audits of parks and Public Safety bond funds and semiannual review of the last fiscal year the office issued 18 audit reports covering a broad range of topics. Those reports identified potential cost savings of more than \$17 million, or a ratio of about \$9 in monetary benefits for every dollar of audit cost. A list of the audit projects is shown in the budget and it is of course on our Website where all of our courts are available for public review. I did want to point out that attachment C to the City Manager's budget message shows the status of City Auditor recommendations that are incorporated into the 2011-12 proposed budget. And again, a full list of all the open audit recommendations can also be found on our Website. Over the last ten years, 75% of audit recommendations are fully implemented. Like all of the others, that you're hearing from today and yesterday, our

office has seen significant reduction. Historically our office was anywhere from 20 to 21 FTE, with this budget we'll be down to 13. Since 2008-9 like everybody else, our staffing has mostly been reduced over the last few years. Since 2008-9 our staffing has dropped by nearly a third. We've flattened the audit organization, removed a whole supervisory layer. We reduced three positions over the last two years and proposed elimination of two additional positions in the coming year. But let me assure you you have a great team and a good -- good people in the auditor's office. It isn't to mean that everybody always agrees on everything. Our job is not a comfortable one. We ask tough questions. We presume that mistakes should be corrected and that improvements are possible. It's not always easy but although the reduction in audit staffing means you'll have fewer audits we will continue to work with the city council, the City Manager, and other appointees to target areas of highest risk and greatest potential for improvement, and will focus our resources in those areas. That's it.

>> Mayor Reed: City Clerk.

>> Dennis Hawkins: Thank you, mayor. Unlike Rick this is my first opportunity to talk to the council about our budget. As far as context I wanted to start out with just a little historical view. Our office hit the high water mark in terms of employees in '08-09 when we had 19 staff. Under the current proposed budget we'll be at 12, going into 11-12. And I wanted to mention that a lot of the, obviously the mayor and the council know the work that we do, as far as the agendas and providing the administrative support for your offices. However, there's a lot of things that we do in the office of the City Clerk that I like to compare ourselves to an octopus. We tump everybody in the organization, we may not control a lot but we sure influence things. And just as an example, some of the special projects and unbudgeted activities that we've been tasked with fulfilling this year was working with two new councilmembers in the transition. And our staff did all of the setup work for those offices, Website design and all of those things, transaction governance changes our office was tasked with developing the application for the new public members, the recruitment process, and shepherding that all the way through the appointment. And that was about eight months of work of our staff. As you know, we support many of the council special events from purchasing materials, making facility arrangements and those kinds of things. This year we've also had special projects like the districting advisory commission and the council salary setting commission. We also had a role in some of the key elements of other departments. For example, earlier this morning, you heard about

environmental services and their rate increases. Our office processes all those proposition 218 notices and protests. In the area of economic development, our office was tasked with executing the agreements and recording the agreements for the Cisco transactions last December. Fortunately, I have very experienced and competent staff that were able to do those transactions in a very efficient manner and meet the time lines that we have. So that's a lot of things at a we do to affect the organization that may not be seen. But there's a consequence, if we don't do them and if we don't do them well and we're well aware of that. This year the proposed budget we're eliminating three positions. One is a position that was funded on a one time basis for this year and that person works in our contracts and compliance area. Last year we lost an analyst and we combined two positions and this person works on all of the council compliance issues, the DFR 1s and the time and income distributions, the form 700s as well as executing the contracts for the city. Rick mentioned earlier some potential changes in his operations relative to contracts under \$100,000. In 2009, our office processed over -- approximately 2800 contracts citywide. About 80% of those were under \$100,000. So we were to change the methodology of processing contracts under \$100,000, that would have a significant impact on operating departments. The other position that we're losing is staff technician in the contracts unit. So I will have to redistribute that workload over the remaining nine staff members that I have. Or 11 staff members that I have. And lastly we proposed the elimination of our senior analyst who provides administrative support for the mayor and the council reducing that unit by a third. Needless to say we will figure out a way to provide the services that we can. We'll need to work with each of your offices as well as the operating departments to refocus our efforts and to redefine some work processes, given the limited resources. One thing that I did want to mention, I think every department has similar effects, is that in addition to losing three employees, I have two people that are indirectly impacted. So two of the remaining 11 positions I will have new people filling those positions. And so there will be a training and transition time in there. And I think as we talk about new expectations and adjusting expectations I think we have to recognize that people will be doing new task force, we'll have to redefine how those task force are done, and there may be some unintended consequences as we figure our way through the new structure. And in summary, our reduction target was smaller than some departments but was as impactful as others. We submitted reductions for \$242,000 affecting those three positions. Thank you.

>> Mayor Reed: City Manager.

>> City Manager Figone: Thank you, Mr. Mayor, members of the council. I am pleased to present to you some highlights of our budget, and things that I think you should know about the City Manager's office, and what moving forward through these difficult times means for service from our office. First of all just a reminder about our role, clearly, the charter sets forth my responsibility as chief administrative officer of the city. And so the mission of the manager's office is to provide strategic leadership that supports the mayor and council, and also motivates and challenges the organization to deliver high quality services that meet our community's needs. We have core services identified in the document. Those really boil down to a few key areas in my mind. First of all, the importance of professional expertise and support that we bring is. The importance of creating an organizational vision and driving towards that vision by setting goals and accountability in the workforce, and then providing strategic direction for providing services to the community. Again, as the chief administrative officer of the city, my office does assist me to provide leadership and overall management to the workforce to ensure that your policy direction is implemented, and in an effective way, in a professional way and that we deliver the full array of services that your constituents expect for the dollars and the resources that we have. So in that regard the City Manager is challenged with not only managing the day-to-day operations of the city but ensuring that quality services are provided to the community. And let me just say that since I've been manager now for almost four years another very significant role that I've played and my office has played during this period of time is managing change with an eye to the future. So we do work in a very complex fiscal and political environment, as you all know. And given the current magnitude of the reductions, the many fiscal reforms being discussed, the multi-faceted issues that continue to present themselves and place demands on our office, I do want to talk just a little bit about a couple of things and also, show you how we've evolved over the last few years. The other thing to point out that really cannot be underestimated, again, is the role that we're consistently called to play in leading and managing unanticipated projects and issues of significant complexity. So I'm going to use this snapshot of our organization back to 2002-3 to really tell two parts of the story. If you look in the budget document you'll see that we have 53 positions in our office. And you might think that that's very resource intensive but I think it's often forgotten that that representation includes the offices or the suboffices that are in green. So that would be employee relations, the budget office, the communications office which includes not only the now very small team

that televises your public meetings but also our public records manager. And then in the bottom, agenda services, and intergovernmental relations. If you then put those in the background, what you would see is the remaining staff that were in place in 2002-2003. So if you can go to the next slide, Nadine. And what would be left back in that point in time were of course the City Manager, assistant City Manager and 5 deputy City Managers and related support staff. Fast-forwards to current structure you see that over time we've had to cut the deputies and actually there was a third deputy when I started that we have de-funded for the last two years to help hit our target. So currently, the configuration that we have is the assistant City Manager, and two deputy City Managers and we have cut back on the support staff over the years. The proposal that I'm bringing forwards and I'm going to touch on the other elements of it in more detail, does re-fund the deputy City Manager as you've heard in the strategic support presentation but would cut two other directors, and actually, get us into the realm of having some line authority for deputy City Manager over two separate operations. And so that's an increasing a span of control, span of responsibility as well as saving \$500,000. The other thing, and I've been now in my 42-year career, over 20 years of those have served as, I've served as assistant City Manager and City Manager in two cities and one thing I can tell you regardless of large or small, the manager's office always needs to be adaptable and flexible to support the organization and support the needs of the council and the community given whatever point of time we're in. We're in a time of great transition and change and so you'll see that one of our deputies, Norberto Duenas is also serving in a dual capacity not only as deputy City Manager but as active manager of PRNS. So it is my goal even during times of downsizing to ensure that we are flexible and adaptable in meeting your needs as possible. However, with the more limited capacity, that will be more challenging as we move forwards. So to touch on, and Nadine you can move to the next slide please. I mention that we are often called upon to deal with highly complex, unanticipated projects that are very important to the council and the community and the organization. So this just gives you an idea of the many special projects that we've been involved in over the last year, certainly in coordination with the departments, with the other appointees, but you can see the breadth here of just the types of projects that we've been involved with, leading that. I would expect we'll be -- continue to call upon, be called upon to do moving into the future. But that will become more challenging with the proposals that we have brought forward. The other thing I would just like to say is that we will be producing three MBAs, one will be to, as Rick mentioned, we'll be teaming up with him to bring you the medical marijuana staffing plan including the resources that our offices will need to support this new regulatory program. Another that was

alluded to in your presentation yesterday, would be on the strong neighborhoods initiative. We, in the base, have moved that, scaled back that service area, and moved it to the housing department, with some of the changes now that are coming into view around tax increment and changes of -- possibly further changes on the redevelopment side, including housing. We are now re-thinking that and may recommend moving that management back to the manager's office. And then the third would be, given the questions about whether or not management has been cut back, and to what degree, over the last few years, let me just say I can guarantee you management has been cut. Jennifer has taken a look at the last few years, in fact those cuts are very much in scale with cuts in other bargaining unit areas, management is -- are both represented and represented and I think we need to put that question to rest and so we will be issuing an MBA very shortly. So the reductions to the manager's office are enumerated in the document. I've touched on the management consolidation already. We have cut back administrative support staffing, special project staffing and funding, we've had to cut the position which has supported the domestic violence prevention program. I spoke with Rolanda Peer Dickson, assured her we would not just walk away from the program, we will work with the board to facilitate them to find other ways of supporting the programs that we've been so successful at leading out of my office over the last ten years, I think it's been over ten years. It's very unfortunate but this is one of the very difficult choices I've had to bring forward. It would also include cutting \$138,000 that you would find in the citywide section. On the topic of organizational effectiveness, as Kay had mentioned we did cut the training unit, the citywide training unit in HR, they've been involved in very specialized efforts in leadership and mentoring. I just cannot let that function go. We will have to cut the resource. But leadership for whatever efforts we can cobble together in coordination with the departments will remain a very high priority. I think this is just -- it's very critical that we continue to work the best that we can to prepare our next generation of leaders for this organization, and it's an area that I am personally very, very committed to. So this would include whatever we could keep alive around mentoring, and leadership development, continuous improvement, and ensuring we have a culture of innovation and creativity. In closing and just taking a look at the last slide. I do expect us to continue to do our professional best, even with fewer resources. These are again some of the significant policy initiatives I would expect we would continue to lead on your behalf as well as pick up what we can that is unanticipated. But like all departments we will have to prioritize, and focus our efforts and be as efficient as possible. And that concludes my comments.

>> Mayor Reed: Thank you. That concludes the section on the council appointees in this area. Independent police auditor will be part of the Public Safety presentation and of course the Redevelopment Agency will be in a separate section later. We'll come back to the strategic support citywide expenses category after we're finished with the appointees then we'll move into neighborhood services. So on the council appointees. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. Just on the few comments on the budget summary, when we're talking about the Budget Analyst, city council and appointees, it has a line item of \$33 million, I think it's important that we define what that is, that is actually a fair amount of bodies, City Attorney, City Auditor, City Manager, it's important for the public to understand. When it comes to the City Attorney, Rick, we have a large amount of boards and commissions that are not in the city charter are these items that we have in the city charter are Planning Commission, civil service commission, I can see the appeals hearing board being very important but everything else is kind of discretionary. If those just disappeared, what would that do to the workload of the City Clerk and the City Attorney and you can both answer at any time.

>> City Attorney Doyle: If the commissions just disappear? Well, to the extent that we staff them or have to support them, it would -- it would reduce that. I think I'm looking at charter commissions now. I mean I think the Planning Commission has always been the most important. That has to be staffed. Appeals hearing board, when we present cases, that is -- but do we need to staff the board like we do now, I'm looking at that. Same with the civil service commission. So it really is, you know, we don't -- arts commission may be one that we go to occasionally and parks and rec we go to on occasion. But we do those on an as-needed basis. If they go away would cult the workload yes.

>> Councilmember Oliverio: So on the City Attorney side when you put them in your charter of requirements, it is the staffing, you don't have any behind the scenes work for all those commissions work?

>> City Attorney Doyle: There's always behind the scenes work but generally we work with staff on the behind the scenes work so it can be set with the City Manager and her departments, parks issue and anything else we're

working on the employment division, the civil service commission is working with OER so yes, it -- that's all behind the scenes and that's where most of the work's done.

>> Councilmember Oliverio: Because it seems like there's work for that to do and then we have council committees on top of that so it seems like there's multiple layers and I know there's the benefit of you know having committees and volunteers to serve and give their opinion but this council generally makes its own decisions when it comes to matters of policy that may bubble up from any particular commission. Although it's always good to get public feedback, in the ends there's a cost to doing that. Turning to the clerk's side since you're doing all those agendas and having to be there what's the workload if you add up all those commissions?

>> Dennis Hawkins: Well first of all we've had a staff team, City Attorney, City Manager working with Leslye in the housing department, and our office, looking at boards and commissions. And one of the issues is, consolidation of commissions or elimination of commissions. There have been no conclusions on that. Some of it is diversified out in the departments, where department staff is doing the actual support work for the commissions, where they are doing the agendas and the minutes and the staff support role for commissions. So we actually have some information about the cost of those positions out in the departments. Our office supports three charter commissions. And one thing I wanted to mention in Rick's comment about the civil service commission, over the years we've seen what used to be a one-night termination hearing, now they've grown into two or three nights. So the work and the complement of some of the courses have expanded which means that the support staff role has also expanded. We've been working with the commission and the representatives to try and narrow that down and get that back into a more even keel. In fact, a commission working through its backlog started having Friday sessions. So I think we could definitely do some more work and research about consolidating commissions, we're working about bringing structural improvement recommendations to the council and we'll be doing that shortly. But it's an area that we should definitely take another look at.

>> City Manager Figone: Councilmember if I could just add the departments as Dennis indicated do a lot of heavy lifting with commissions. So it would certainly be capacity-building for them.

>> Councilmember Oliverio: The reason I say this because I'm watching my comments at the budget meeting meaning I said already that I'm willing to General Fund a planner so that comes from somewhere else. I feel that you know I.T.'s important because we need information technology. So but at the end, I won't be able to always choose one over the other. So then I have to choose do I continue doing the same thing? And I think in the end, this city would survive if a restructuring of the commissions if it means less workload for any level of staff involved and if it means that the commission's only meeting twice a year, then that's what it is. We can't -- we have to make these choices and so I just want to raise that issue. Because you highlighted when you brought it up in yours, Rick so it caught my eye.

>> City Attorney Doyle: Part of my point though is I will get on this business of the municipality. Again like any other organization, you've got things you got to do as an organization. It is true of the departments as well as my office, you know you're going to have to comply. You're going to have to take employment actions. You're going to have to deal with just the day-to-day things of an organization. And there's a real question whether we have staff adequate to just do that. And get by. So that's really where you -- you know the rubber hits the road.

>> Councilmember Oliverio: The only thing with the auditor you've got X amount of work backed up and you'll just produce less but do you ever foresee a time when there would be no requests for audits? I mean because obviously --

>> Sharon Erickson: No.

>> Councilmember Oliverio: Obviously because you have such level of perfection on audits we might just you know --

>> Sharon Erickson: No I don't foreforsee that being the case.

>> Councilmember Oliverio: I don't want to be everything, I just want to try to be what's in the charter. Thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you. I think we're starting to as we go forward see what these impacts are, to all these departments for all vability departments and I think that certainly, we've seen more work done with less people from all of you, in all your departments and yet the quality still has I think remained quite high. But that's not going to remain the case forever if we continue to squeeze these departments. And I think that can be applied even as we start discussing you know certainly Public Safety and parks and what have you and libraries. That there comes a certain point at which our short-term decision making is going to create longer-term costs both financial and otherwise. And when we talk about the fiscal reforms we've already undergone over the last few years and now we continue to go at a very aggressive pace, what are the cost of those reforms? And most specifically of the discussion we've had right here is in the city attorney's office. Now I think Rick was correct to refer the ethical obligations that lawyers have in representing their clients. And there's no doubt as with other departments but more with the city attorney's office than most we're going to lose a lot of talent. There are not only private opportunities but other public agencies which are not going to the extent that we are in terms of -- in terms of limiting benefits and wages and what have you. And I know actuallary have a lot of friends that work at private law firms that specifically represent municipalities and I know that there are some that we've actually used and they're not hurting for money. And they don't give discounts when they get hired out. So we're going to pay an enormous amount of money for legal counsel on issues that we cannot avoid. And so we really should think very carefully about what choices we're making in terms of the policy of how aggressively we are addressing our fiscal reforms, while creating problems that are ultimately going to cost us a whole lot more. We've done a very good job of not using outside counsel which has saved us probably millions over the years certainly and our attorneys have done a good job of limiting liability as well for a number of reasons. So I just think that these discussions are very important. I think that we are going to end up costing ourselves more in the long run if we don't start to think about how we're setting our priorities. And our priorities circulate again be first and foremost, the ability to provide services in a way that's fiscally responsible and efficient but I think we're skewing away, we're veering away from the ultimate responsibility of providing services to the community as our first and foremost goal and we're sticking

to the fiscal reform aspect that is so instructedly that we're going to cause some irreparable damage if we continue down that this road.

>> Mayor Reed: Councilmember Pyle. I'm sorry. Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. Staying on the same subject with the city attorney's office, so I think we all know that, and Rick, you were very clear, that contracting attorney services out is expensive. We're going to get our best bang for our buck and probably more focused and better quality representation if we did it in-house. So when we do have to contract work out, where does that money come from?

>> City Attorney Doyle: It's generally the General Fund unless it's a special fund we're looking at. So for example there have been times with respect to let me give you the airport curfew. We've used counsel in Washington, D.C. because they have connections with the FAA. Airport pays for that. But generally it's the General Fund.

>> Councilmember Campos: So you had commented about you actually specified some very specific actions that our attorney's office would do, one being workmen's comp cases, the other CEQA, very specialized fields knowing that every year we're more than likely going to have to defend ourselves or represent ourselves in that area. So knowing, going into a new year, I mean is there a ballpark figure as to how much we would need to set aside or anticipate to be able to cover CEQA cases, also knowing we've got some pretty significant development projects out there we have the 2040 envision, in one of our council meetings I believe it was January or February, the whole issue of the rancho Del pueblo golf course came up and there was a threat of litigation on that. I would imagine it would also probably include CEQA. But just on some of the agreements that were made ten, 15 years ago. We know this is coming. I mean do we have a ballpark figure as to what that could cost us?

>> City Attorney Doyle: Well the one thing about litigation is you can't predict what's coming down the road and that's also the down side because the number, it's like the meter starts running and then it's hard to stop. We do like you say Councilmember Campos, we have a general plan. We have an EIR that's part of that general plan. And if that's challenged, that will be significant litigation. And I don't have the resources to defend that case

in-house at this point. We've lost our two CEQA attorneys. Similarly if there's challenges, if in fact we got the opportunity to do a ballpark, there could be challenges there. There are a whole host of other areas, that it's hard to say this will happen. But we -- and as development increases, as the economy gets better you know, there's opportunities for doing the projects. But there's risk of litigation with each project.

>> Councilmember Campos: So the point I'm trying to make is that we know that these costs are coming. That to me it would make more sense that we obviously we're going to try to make some kind of ballpark figure that we're going to have to pay for outside counsel. It would make more sense to me that we would make that ballpark figure and put that back into our budget so that we can actually retain or bring in the inside counsel that we would need. I just think that would be a better use of our resources. So you know, I mean, I look at the charts that you provided, I think it was on page, it's the chart on settlement cost per capita and if you just look at -- at the chart, Los Angeles, Oakland, San Francisco, San Diego and San José, it actually looks like our sky lines. But if you actually look at them, I would hate to be on the other end of where San Francisco is paying out \$40 million in settlements. That probably averages out to 30 if you combined the other years. So if we have to pay that out, where does that come from? Is it insurance or does it come out of General Fund?

>> City Attorney Doyle: General Fund. General Fund has a \$10 million litigation fund and that's essentially our self-insurance.

>> Councilmember Campos: So we have had a pretty good track record, I think you could probably make the connection that we do most of our counsel in-house that we've got pretty good attorneys that do good representation. And so at some point this is going to cost us and so I almost think it makes more sense to pay a little, when you compare these, at -- you know, annually so that we don't -- we don't become liable or potentially on the hook to having to pay out claims. I mean I think that's real. Just because you know resources are going down and if we're not minding the shop in other areas, you know, they're going to be people or groups that are going to try to take advantage. Those are my comments on city attorney's office. I have a question regarding the City Manager's office. Under strong neighborhoods initiative, on page VII-163, it talks about the strong

neighborhood initiative business plan. And somehow connecting it with the mayor's gang prevention task force. Could you explain that a little bit more?

>> City Manager Figone: I'm going to have Norberto Duen,,s help answer that question.

>> Norberto Duen,,s: Good afternoon, Norberto Duen,,s deputy City Manager. Compesces as we see the strong neighborhoods initiative staffing continuing to go down, we feel it's important to overlay the staffing that we may have left to assist in other it's not uncommon for the strong neighborhoods bit our goal is to be able down the road to maybe use the resources from the strong neighborhoods initiative to help respond to hot-spot areas along with our gang intervention staff.

>> Councilmember Campos: And so that would be the SNI staff that tend to go out with the neighborhoods doing their nightly walks and those types of things? You know like the nightly walks they do in Dorsa, I forget what they call them.

>> Norberto Duen,,s: The neighbor walks.

>> Councilmember Campos: The neighbor walks.

>> Norberto Duen,,s: We will be in periods of transition but that is something we're evaluating. It will involve cross-training on the part of strong neighborhoods staff. We want to deploy the limited staff into the areas that we feel require some additional assistance. And so we were thinking in the hot-spot areas could be some of those parts of the city.

>> Councilmember Campos: Okay, so it wouldn't be taking mayor's gang task force staff that are really specialized in working with a particular population and having them do what we know as SNI type work?

>> Norberto Duenas: No it wouldn't, it would be the strong neighborhoods initiative staff if at all possible through cross training to complement the efforts of the intervention staff. So we would not be moving intervention staff to the strong neighborhoods effort.

>> Councilmember Campos: Okay. Those are my questions so far -- oh, actually I do have a -- ton very last page, VIII page 66, the deleted positions, community activity worker, community activity worker part time, community coordinator and community services supervisor would that be the SNI staff?

>> City Manager Figone: Yes, so the SNI staff has been cut back. The net that would remain, Norberto is about seven, 6.75. So this shows the changes.

>> Norberto Duenas: Correct and at 6.75 full time equivalents, but rarely what you have is three full time equivalent to include a manager for the program and then the balance of the staffing are part time hours. We propose it to be that way to provide some flexibility with the hours.

>> Councilmember Campos: They're not in this line-item budget. I know there was some discussion about --

>> City Manager Figone: I believe they're showing in the housing right now. And what we're evaluating is should we move them back under the leadership of the manager's office so that we can have a more coordinated citywide effort.

>> Councilmember Campos: Okay. I would certainly hope that they could be moved back into the City Manager's office. I think that -- I just think that they've been very effective in the past and I think they would continue to be effective if they were still in the manager's office. Those are my comments and questions. Thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. I'm going to -- I'm also going to support some of the comments from my colleagues in terms of the work in the city attorney's office and the concern about the cuts. I had the same question and Councilmember Campos brought it up actually before I did and I thank him for raising the issue about where the funding comes from if we do hire outside legal council and also settlement so I think that's really important to consider. Moving on to the City Manager's office, we fund domestic violence position?

>> City Manager Figone: Yes, we have for over ten years.

>> Councilmember Rocha: And is there any potential opportunities for that being shifted over to the justice administration grant?

>> City Manager Figone: You know, I am not aware of that councilmember. I don't know, Norberto are you aware of that possibility? We could certainly look into that. Maybe talk to you off-line about that idea.

>> Councilmember Rocha: Okay, thank you. See, I had another question on the -- for the City Auditor. And I can't find my notes but if memory serves me correctly. It was more about asking for the work loads and the referrals and the work that you're doing, how do you prioritize those? As it gets tougher and tougher to fit those in, is there a priority of how approach that in the next fiscal year?

>> Sharon Erickson: Yes right now we're ganged in trying to clean up this current fiscal year's work plan. We have seven projects underway right now. So we've issued just another report today. So we'll keep working on those projects. In June we'll be going to the rules committee with a proposed work plan. I expect that work plan will be smaller than it has been in the past. You should be expecting audit suggestions. We always take sudes from we'll put out the blast to alt the department heads prioritize those put them forwards for the rules committee to discuss.

>> Councilmember Rocha: In terms of procedure will that referral, will that item stop at resumes or will it go to council as part of the rules packet or is this a separate cross-item? Don't know? Okay.

>> Sharon Erickson: I believe it generally stops at rules.

>> Councilmember Rocha: Okay, thank you. In the City Manager's section, 161. Section VII still. Section you bullet down. Generally nothing specific here just more a question on our governmental relations work. Can you talk a little bit about, where is that note? How we fund the contract we have with the federal lobbyist and our work at the state level and where I can find that in the budget in terms of cost and total?

>> City Manager Figone: Sure, we can follow up with you. Basically we have our own Sacramento lobbyist who's been a city employee for gosh, well over 25 years. So she would be shown in I believe our department's FTE, full time equivalence list in the detailed section of the budget and then I believe Patton Boggs, is that funded in our department or in citywide?

>> Jennifer Maguire: It's in our department in the City Manager's office in the nonpersonal equipment appropriation. Just to help out on that section 8-56 there's multiple funding sources shown for the City Manager's office. The -- there's the airport, the integrated waste management fund, low mod housing, the treatment plant lobbyist efforts Washington as well as our state efforts so it's multiple-funded, it's not just General Fund.

>> Councilmember Rocha: Okay, what would be the total combined of all those --

>> Jennifer Maguire: I don't have the figure here but we can certainly respond.

>> Councilmember Rocha: Okay. I think that was it but -- yep, those were the notes I had. Thank you.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you mayor. I also wanted to echo my concern about losing our in-house talent in the city attorney's office. In the long run you might cost the city more in litigation. I have one observation or

question, on the mayor and council budget summary. On page 8, VIII-233. This is regarding to the nonpersonal equipment. You know we have \$100,000 for the mayor and \$75,000 combined for the -- all ten councilmembers. So I understand that money is probably spent on equipment, furniture, and some travel, and I know I'm still using the furniture from ten years ago, from Mayor Reed. And then after mayor took office, I notice that he bought couple of new pillows, and in his chair. So I was wondering where did all those money goes, and also, if we don't spend it all in one year would pretty much make up the difference and make it up to that amount, or we can transfer some of the amount from this number into the constituent outreach. I don't know, if this is a question for the City Manager, mayor or who would be able to answer that question?

>> Mayor Reed: Let me take the flier on it. The nonpersonal equipment could include funding for constituent outreach, the fliers that, everything that might be done as part of that. Meeting expenses, everything other than your personnel costs could be paid out of that. And whether or not it rolls over from one year to the next is a decision we make every year in the budget process. City Clerk probably has a little more detail about all the things that go into that category.

>> Dennis Hawkins: Thank you. Councilmember Chu, in the past there was a councilmember transition fund that was in the budget. And so after each election cycle there was an appropriation that we used in working with the incoming councilmembers, for things like furniture, equipment, normal transition costs. That appropriation was taken out of the budget I think two years ago as I recall. And so now, basically, those transition costs come out of each individual operating budget for each councilmember. And so we work with incoming councilmembers to determine what their equipment needs, we work with jej services on refurbishing the office, painting, those kinds of things. We sometimes will use other funds from not the district funds but other funds. But generally those expenses now are paid by each individual councilmember as they come into office.

>> Councilmember Chu: So the 75,000 for the -- the 7500 for each council district, we don't use it, we lose it?

>> Dennis Hawkins: In some years in the past when we've had industries we've been able to rebudget some of the industries funds over. This year, there was no appropriation so there were no funds to rebudget.

>> Councilmember Chu: So next year's budget we do allocate \$7500 for each council, right?

>> Dennis Hawkins: Each council, I'd have to get back to you on that specific.

>> Councilmember Chu: Okay. Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. Rick, looking at the chart, describing comparing the payout of settlements and claims to other cities. And I think it's I think it's the slide entitled settlement cost per capita. Just doing the math recognizing we have about a million residents in San José, it looks as though there's only been one year in the last seven in which we've had about \$5 million worth of claims and that was something of an aberration, most of the years close to roughly 2 to \$3 million? Eyeballing that chart.

>> City Attorney Doyle: That's correct. And I think that was one year and I remember the trend, shooting, and we had an excessive force case where we got a jury verdict about \$800,000 against us.

>> Councilmember Liccardo: Recognizing we want to be very cautious and having a fund to take care of liability claims, currently we have a \$10 million fund there and I'm wondering first of all that fund is I assume separate from the fund we set out up in Watson park to take care of claims relating to specifically pollution in the soil there is that right?

>> City Attorney Doyle: This is our general liability fund that covers litigation related costs and claims. Watson park is stand-alone.

>> Councilmember Liccardo: Right. This \$10 million fund is really just General Fund money.

>> City Attorney Doyle: Correct.

>> Councilmember Liccardo: Would you be comfortable with the budget action which reduce they'd fund essentially to keep employees in the office for another year? Recognizing obviously it's one-time?

>> City Attorney Doyle: I would be and we've made that proposal. I think you'll get, and I'll let Jennifer speak for herself, you'll get resistance from her. But our view is that you're going to pay now or pay later.

>> Councilmember Liccardo: Right.

>> City Attorney Doyle: And so it is -- you know, it's money well spent.

>> Councilmember Liccardo: Yeah, I'd much rather spend money on staff than on the claims. I recognize it's one time and it certainly doesn't solve any problems. But what I'm concerned about is we are going into a very contentious -- we've been in a very contentious period, we're going to continue to be in contentious period as we talk about budget impacts and employees. And I'm 100% sure we'll see litigation over whatever decisions we make on this dais and I think we need some capacity.

>> Jennifer Maguire: If I could comment please.

>> Councilmember Liccardo: Yes.

>> Jennifer Maguire: Councilmember Liccardo so we have what you're referring to is a reserve for not only general liability claims but also for workers compensation claims.

>> Councilmember Liccardo: Oh.

>> Jennifer Maguire: It is, used to be \$15 million, we've reduced it to \$10 million in either 20s something in that time frame if we have one major claim or one major accident or something that has to use up that money it will disappear quickly. The last I talked to the attorney's office we had potentially up to 40 or \$50 million worth of claims outstanding against the city, \$20 million were in the more likely range. With this budget and the amount of reserves that we're cashing in and if you exclude the development fee reserves, apt the contingency reserve we will only have \$20 million worth of reserves in the city, \$10 million of -- half that would be for this general liability claims. And I guess from my perspective, if the city council determined we needed to -- this is a discussion I've had with Rick. If the city council determined that we needed to have ongoing expenditures for more staffing there then we have to find another place in the budget to take that from because that would only again we would be facing this exact same decision a year from now because of the -- and would prefer to keep this claims appropriation in place because of the fact that our reserves are extremely low for a city of our size.

>> Councilmember Liccardo: Sure and I recognize the unone time nature of these and certainly a --

>> City Attorney Doyle: Councilmember I don't want to get in debate but I do recognize that the 20 to 40 million dollars in claims, every year when the city goes up for its outside audit as any in-house counsel or outside counsel we have to book what are the potential -- what is the potential exposure given a litigation or claim filed against the city. So we valued that. In my view you're more likely to pay that with the less resources you have to fight it. So I think again we can have the discussion and this probably isn't the place for it but I did want to clarify that.

>> Councilmember Liccardo: That number is based on what is filed in the report or 998 or what?

>> City Attorney Doyle: When we get a complaint filed we will book what the potential exposure is. Most complaints say judgment according to proof but we have to put a value on it sort of our best guess.

>> Councilmember Liccardo: Okay, I recognize that. The question I had then Jennifer is 10 million supposed to cover general liability as well as workers comp?

>> Jennifer Maguire: That's right.

>> Councilmember Liccardo: What's our workers comp tend to be every year?

>> Jennifer Maguire: The workers compensation appropriation is at 18 million. That's what I consider our live appropriation. This is a reserve in case our claims go over that we have an extraordinary claim that needs to be paid.

>> Councilmember Liccardo: We're appropriating 18 million because we expect the number to be roughly 18 million?

>> Jennifer Maguire: Yes and this year it's close to 17 million in claims and we spend pretty much every dime of that, last year -- sometimes we have to move money into it, sometimes our budget doesn't have any wiggle room in it and we live appropriation so if we have -- this is our only back stop for it, for general liability and worker compensation claims. If we had any big accident in any way shape or form in the city that is the only back stop let alone going to the contingency reserve.

>> Councilmember Liccardo: Okay. With regard to, Rick if I could take you to page VIII-20 in the budget relating to the sources of funds, for the City Attorney, I see that we are allowing \$55,000 from Federated retirement fund to pay for attorney services and I was concerned about cutting the service completely from the retirement -- excuse me I'm on the wrong page. Why isn't Police and Fire retirement fund contributing?

>> City Attorney Doyle: Because there was a ruling in arbitration I believe some years ago, that fire brought in, are it's subject to meet and confer, so we'd have to get some kinds of agreement or an arbitrator or the board would have to agree.

>> Councilmember Liccardo: Okay.

>> City Attorney Doyle: And they never have. In the case of -- in the case of retirement, we're looking at --

>> Councilmember Liccardo: Shock.

>> City Attorney Doyle: -- not supporting the board but supporting the department. But I think it's taking up a lot more than \$55,000 worth of time.

>> Councilmember Liccardo: I know, I would imagine because that's the cost that's driving everything in our deficit right now. I can imagine you're spending a lot of attention in it. And then the source of sewer and service use charge pays quite a bit. I don't seize other funds chipping in much and I'm just wondering why is it?

>> City Attorney Doyle: Airport pays and Muni water pays its fair share. We are actually working with the plan, ESD to get some additional funding from the sewer service and use given that plant master planning that there's going to be a lot of legal work used there. We may be coming back or will be coming back with a MBA as well.

>> City Manager Figone: And some may be in the overhead rate, Rick, do you think?

>> City Attorney Doyle: In the extent we are providing airport, Wepecpe and.

>> Councilmember Liccardo: You can tell from my questions I'm obviously fishing for funds here.

>> City Attorney Doyle: We welcome that. We've been fishing for quite some time.

>> Councilmember Liccardo: My final cast of the line will be, I know there's been conversation in the past, certainly we did very well in the HNMF context and taking a prf's position in litigation, are there any opportunities out there for our office to be out there, joining with other city attorney's? I know there are often class action cases where cities bring where we could actually be investing a little now for significant revenue down the road?

>> City Attorney Doyle: We've looked at cases in the in the county counsel's office we opted not to go there, we do as you know we do have cases pending against a number of banks using outside council it's the derivatives litigation, you know but that's one of the ream problems is it's resources. And we can't be active in affirmative litigation if we're barely able to hold on protecting the City's interest so --

>> Councilmember Liccardo: I understand that defense is your first obligation I expwhrus --

>> City Attorney Doyle: We do look for opportunities, there are firms that do it on contingency and we will work with them.

>> Councilmember Liccardo: Thank you.

>> Mayor Reed: Councilmember Pyle. Thank you. What I'd like to do is talk about agenda and agenda order. We have finished with council appointees but we still have strategic support. We are not scheduled to take public comments into we get to end of neighborhood services. What I think would be better to do is to finish the citywide, it shouldn't take very long and then get the presentation from neighborhood services then take the public comment, so that everybody is here will have a chance to speak today and won't have to come tomorrow and then we'll go into council questions and run that into tomorrow morning if necessary. We're running a little bit behind schedule, but we'll catch up. So those that are waiting to speak make sure you affiliate out the yellow cards. Have to limit everybody to a minute because we have a lot of people that want to speak and we've got a lot of work to do. So we're going to switch to the last small topics on strategic services and that's the citywide. I think Kay Winer or did we already cover all that?

>> Jennifer Maguire: We already covered all that.

>> Mayor Reed: We're not as far behind as I thought.

>> Ed Shikada: Mr. Mayor, did have one follow-up question raised by Councilmember Rocha which was the dollar value of the contract with Patton Boggs. Just a little bit of background, multiyear contract with Patton Boggs entered into in late 2008 has annual option options that run to 2013. Currently it is \$138,000 for the year and next year it will go up for \$144,000. That is the dollar amount for that contract.

>> Councilmember Rocha: How long is the contract and when does it end?

>> Ed Shikada: The last year of the option is 12-13.

>> Councilmember Rocha: And that last year is how much?

>> Ed Shikada: 144,000.

>> Councilmember Rocha: Snawng.

>> Mayor Reed: We'll declare the last of strategic support, of course we're never done until we adopt the budget but the end of the presentation and we'll take the neighborhood services CSA, then public testimony and then council questions after that. Norberto Duenas is going to lead.

>> Norberto Duenas: Thank you, mayor, Norberto Duenas deputy City Manager and acting director of Parks, Recreation, and Neighborhood Services. I have the privilege of being the team leaders for neighborhoods parks, Recreation, and Neighborhood Services assistant director Julie Edmonds Mares deputy director for code enforcement Mike Hannon and director of Public Works Dave Sykes who is with us today to answer any questions on animal care and services. The first slide shows the core services of each of our partner departments that make up the neighborhood services CSA. The CSA delivers services directly into our communities and to our neighborhoods. We provide and maintain many open and green spaces for children and adults through our parks and trails. And we provide opportunities to learn, places to think and places to play, through our libraries and our community centers. We make the neighborhoods safer and more livable through all of the programs in this

CSA. Today we will be discussing our 2011-2012 proposed budget actions. All the actions we are recommending will impact programs and services that have survived the prior nine budget years of service reductions. There were no easy choices as we all know but given the significant reductions that had to be made, we attempt to retain our most vital services to retain our commitment to our core services to the best of our ability. Julie and Jane will now walk you through the rest of our presentation.

>> Thank you, Norberto, Julie Edmonds Mares director of PRNS department or PRNS to continue to provide clean, safe, parks and trails, to facilitate health and wellness within the community. In the area of recreation, we'll continue to provide services out of our hub community locations or our largest community centers, ten throughout the city, with city staffing, and operate nonhub facilities through reuse at current count we'll be at 41 reuse facilities as of July 1st. We're also happy to report that we'll be able to operate all city pools on the alternative service delivery model having partners at some and city staff at a few in addition to having programming at Lake Almaden. We'll also be operating family camp, senior nutrition, the grace community center and our nationally recognizes intervention program which operates under the mayor's gang prevention task. Jane.

>> Jane Light: Jane Light, the library director. As we look at library services for next year, we anticipate that Dr. King library hours will remain unchanged at least until the San José State University library knows what its budget for next year is, and that branches will, all the 18 branches will continue to be open but they'll be reduced to three days a week from their current four and a half or 25 hours per week. The story tipples, after school programs for children and teens and programs for adults such as health financial, financial literacy and the high demand career and job information programs will continue but they'll be reduced by about 50%. And Mike Hannon will talk about code enforcement.

>> Thank you, good afternoon, Mike Hannon code potential for San José. The on gg cities code enforcement organization. In 2000, 2001 we had almost 19 code enforcement officers that were funded purely through the General Fund. As a result of this proposed budget we will reduce that number to just under three, pure General Funded inspectors for the City of San José. This is in addition to the reductions that we have experienced in code enforcement curls of the Redevelopment Agency. But I want to take a moment to provide an overview of what are

these services that our residents can anticipate as we prepare for the next budget year. We will continue in code enforcement to respond to immediate life safety complaints within 24 to 48 hours. Those are conditions that really do impact the quality of life and property in the city neighborhoods. I'm talking about properties that are vacant, I'm talking about pools that are not properly fenced off allowing access to children, I'm talking about other conditions that pose an immediate impact to life and safety. We will continue the city's neighborhood cleanup program Weep in the City of San José. We are going to implement the new tobacco retail licensing program disargt ordinance back in December. That will result in inspections of all tobacco retail businesses effective later this year. And finally we're going to begin a new program using General Fund dollars initially to embark on focusing resources on unpermitted construction all throughout the City of San José. We lose a gabt amount of revenue by contractors and specific General Fund dollars with one inspector focusing on unpermitted construction. My hope is that we'll see a sufficient amount of revenue in that program next year to be able to tap into the building permit fees but at this point we'll start with General Fund dollars. Let's turn it over to Dave Sykes.

>> Thanks Mike. Dave Sykes, acting director of Public Works. Revenue enhancing strategy so that we can continue to focus on health and safety calls. This includes responding to dangerous dogs, stray animal control, work, operation of the shelter system, licensing and rabies emplanes and treating injured and sick animals. Talk more about the revenue generating strategy later in the reference prep if the.

>> We wanted to show the total infrastructure of combined libraries and community centers so that you can see where we're providing services and programs throughout the entire city. In terms of the key on the left you'll see that the hub community centers are represented by the green star. Our high need community centers the six high need reuse centers are in red dots and then finally the yellow dots are the remaining of our 41 facilities. Also, denoted on the slide is libraries but Jane's going to show a more detailed slide on libraries in just a moment.

>> Jane Light: So under the proposed budget, branch -- new operating model is proposed where branch libraries would be open either Monday, Wednesday and Friday or Tuesday, Wednesday an Saturday 25 hours per week with nearby hours having different schedules as shown on the map. One staff team then serves two branch libraries and four libraries, Seven Trees Bascom education park and Calabazas remain closed.

>> In PRNS the budget impacts are summarized here and I'll just go over a few of them briefly. As you've seen us do in the past we'll continue to focus on partnerships as our main methodology as we have fewer resources but want to continue to provide important services to the community. And so provision of services in the civic grounds, small parks, those parks under two acres are restrooms, we have 87 rest Rooms in parks and our graffiti abatement are all in the private sector company. That will be a savings, we'll be able to maintain services in all those areas and have a total savings of \$3 million. We'll have a slight reduction in community center hub hours from 63 to 59. We'll be recommending, we recommended placement of Edenvale into the community center reuse program. And it's really an effective model for Edenvale parks we have such great partnerships already with the school and with the Boys and Girls Club. The senior nutrition services will be continued with a new model and we'll be implementing the task force recommendation. It will be at a lower cost but it will be provided through some of our community based partners. We will see reductions in the intervention programs, the safe school campus initiative program will be shrunk and provided only at high schools, no longer at middle schools however we will respond to emergencies at middle schools should they arise throughout the year. The park ranger program will just be a small cadre of folks to handle emergencies and proactive challenges with 6 FTEs and reductions in carousel and lake Cunningham staffing.

>> Jane Light: As a result of the library and parks bond program, we have a number of facilities that we intended to become operational in this fiscal year. However, the operational costs for the sites are too great to make the operations feasible this coming year and we're proposing to postpone operation until the following year. The community center portion of the Bascom joint facility will be considered as potential reuse site as one option. The library impacts from terms of services are quite substantial. The current year we're in saw an 18% reduction in staffing and hours but actually resulted in only about an 8% reduction in checkouts and a 12% reduction in visitors. We anticipate that reduction in use by library customers will again be less than the reduction in hours and there will continue to be considerable compaction. Staffing we know will be quite minimal at those facilities. In 09-10 the staffing was 365 full time equivalent, the proposed will be 229 full time equivalent. We will have fewer staffer people needing help items returned and number of visitors and that under this plan students won't have

access -- will only have access to a branch library on two school days per week if you don't count Fridays which I don't as an after-school school day. And I think Mike's going to talk a little bit more about code enforcement.

>> Thank you Jane. The greatliest impact that our residents are going to see on what I call neighborhood quality type complaints on code enforcement that is the bulk of what we do day in and day out. When I say code enforcement has 2.75 augmented by solid waste fees so the total number of inspectors that will be in the general code program will be eight. So we're talking about less than one code enforcement officer per council district. I had to develop a new service delivery model to be responsive to neighborhood quality complaints. Those are things that reality trouble our residents, the overgrown vegetation in the front yard, the junk in the front yard, inoperable vehicles, so forth. Since we won't have sufficient field staff to respond to these complaints we did develop a courtesy warning letter and I think that program's going to be successful for the following reasons. One the vast majority and I heard Rick say this earlier in our presentation, the vast majority of our residents are law abiding citizens. Given a reasonable period of time to correct it they're going to correct it and I'm comforted in knowing that. The new extension of what we developed a number of years ago for the SNI program the blight busters program where the resident really is going to become the ears and the eyes for code enforcement. We're going to send a courtesy warning letter to the filed the complaint letting them know that we hear you we got the complaint and we sent a warning letter out to the property owner and we're going to ask did resident after 60 days let us know if the situation has been corrected. If it's been corrected we save time and money in not sending an inspector out to the property. We anticipate that the monitor it I need to make sure that we have enough officers to respond to really what I call the life safety complaints. Those are really the things that we need to be keeping our eye on. So I'm confident that we'll be successful in this new venture and I certainly look for your support in that area. Dave.

>> In animal care and services we are hoping to minimize the impacts that the community will see and we are proposing to offer a two-month license amnesty program to generate more revenue through getting more animals licensed in the city. Nndle in conclusion, neighborhood services CSA we will continue to deliver and try to deliver the highest quality service to our communities, and to implement our development plans and goals within the

context of what our financial situation makes possible. This concludes our presentation, and we would be glad to answer any questions. Thank you.

>> Mayor Reed: All right, that conclusion the presents on this. Before we get any council questions I'm going to take the public testimony. As you can see we have a lot of people here so testimony will be limited to one minute. When I call your name please come on down so you're close to the front. Bill Clark, Norma Acosta, Richard Brennan who were here maybe they'll come back. April dejollas, Tony Nguyen, Martha O'Connell. Please when I call your name, head on down so I know you're here and can I kind of keep pace. There's room to stand here while you're waiting. So Tony Nguyen. All right then Martha O'Connell. April de Jollas, got to move, come on.

>> I'm Tony Nguyen. the library plan for having only three days a week for all the branches, that's very inadequate. Let me give you the details on some of the what Jane mentions, the programs that will be lost from staff itself. But all these other programs that are staffed by volunteers that aren't part of the budget. For example in Councilmember Campos's district Reed Hillview. That library has the learning center which is basically a classroom inside the library. That family learning center is heavily used to teach ESL, also used to teach flute, kids how to play flute. That family learning center won't be used that much anymore. Over in district 2 your youth commission, that has been meeting on I think on Saturday.

>> Mayor Reed: Sorry your time is up. That O'Connell and April Dejollas.

>> Without question there is more than enough money to fund the senior nutrition program as is let alone the scaled down 2B option recommended by the city county joint task force. That is because thity document is a moral document. It reflects concretesly the moral choices you 11 people will make we don't need a \$6 million art project at the sewer plant. We don't need to spend \$65,000 to have someone take digital photos of a sewer plant. We don't need thousands and thousands of dollars spent on nicknacks like these pens which are handed out by councilpeople and city staff with magnets hats shopping bags and other goodies. We don't need I as a

commissioner and community volunteer are often invited. We don't need to send councilmembers here and you when you can meet with people online here and Ireland.

>> Mayor Reed: Sorry your time is up. April Dejollas Andrea little followed by pes.

>> My name is April Dejorvetionllas, my daughter is Natalia, I'd like you to remember my name. Councilmember Ash Kalra, I ax of your district, my daughter is Natalia, thank you for deaf children. I've been a participants since the beginning of the program. It is the only program in the entire county of Santa Clara County that serves deaf children. This is -- the funding of your program is minimal compared to the ratio of the benefits that it serves and it is priceless. I have looked for months for a program that serves my daughter and I. The isolation of deaf children is remarkable. To cut this program you would re-isolate my child and myself. I ask you to please --

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

>> -- not cut this program. I'd like to thank you again.

>> Mayor Reed: Sorry your time is up. Robert Lindley, U Zong Zhang, Nguyen Von Nguyen.

>> Thank you mayor members of the council. I'm Robert Lindley, Santa Clara value of senior nutrition program. This is a very important program and it adds to the health and the -- and it helps to reduce the isolation of senior citizens, many of whom live alone. I just want to make a remark. This whole budget process has really irked me. There are two groups that have behaved shamefully in the whole process. One is the citizens that refuse to raise taxes. And the other is the council, and mayor, that have not educated the citizens as to the importance of city services, and the necessity of raising taxes and providing an adequate revenue to provide those vital services. Thank you.

>> Mayor Reed: Sorry your time is up. [applause]

>> Mayor Reed: U Zafg, Van Nguyen, Marion Johnson.

>> My name is U Zing Jao. My husband is separate from a disease and is current in day care program of Catholic charities. This program not only helps him to development of the but most is important it provides me with much needed break and it helps me to get back my health and my life. If the adult day care program cannot continue, it will greatly impacted to potato of us. In consequence, it will most likely affect the family of my children. Please do consider the fact of cutting down the older adult program, and the services, thank you. [applause]

>> Mayor Reed: Marion Johnson followed by Robert Pham.

>> Thank you, my name is Mayor John Johnson, corner of 5th and eetion San Fernando street. Budget impacts, seniors most often are unaware of the specific funding resources it takes to provide the services, the range of services that we do. Seniors know that senior nutrition provides meals, that they can afford, and enjoy. Seniors know that on the same day, they eat lunch, at John 23rd, that staff connects them to other needed services. It meets their legal needs, the health clinic provides blood pressure and glucose testing, caregiver support services, many other things. Seniors know that before and after lunch, they have access to the services, most of all, they have access to each other, rather than being home alone. Thank you for supporting.

>> Mayor Reed: Sorry your time is up. Elsie Phan followed by Margaret Young and Ho Tran.

>> Thank you, ladies and gentlemen. Thank you for the opportunity to be here today. I'm Elsie Phan a caregiver for a person who has a dementia. Thank you for the Catholic charity adult daycare facility. This program promoting the well-being of the people who have dementia and their family saw in the community. Into saving our tax money because in the long run, the program is going to reduce for these people with the dementia, and up in the nursing home. Please, please, do all you could, to make this facility afloat. Keep going. Thank you very much.

>> Mayor Reed: Margaret Young. Followed by Ho tran and Dan renteria.

>> My name is Margaret Margaret Young. I am a multiple service member for 80 years. People asked me why you keep coming to the senior center. I like this service center because they have lot of multiple service. One is the educational class, like English class, like computer class, English class like ESL and conversation class and citizenship class and the computer class has different languages. And I like to enjoy the exercise for special for the seniors. Like senior exercise in the morning and dancing classes and line dancing, like the senior choir classes, and I enjoy --

>> Mayor Reed: Sorry your time is up.

>> Thank you.

>> Mayor Reed: Ho Tran followed by Dan renteria and RichardZepelli.

>> I would like to all of you to come to support the temple because every week we come to have a hot meal, to have physical exercise, to study the ESL, the importance this center has provide citizenship for many, many seniors. And we know that the city have cut off the senior companion program, so this time I ask the mayor, the Vice Mayor and all the councilmembers to keep on supporting the John 23rd, that can help us to prevent isolation and senior wellness. Thank you.

>> Mayor Reed: Dan renteria, followed by Richard Zepelli, and cony Langford.

>> My name is Dan renteria and on behalf of the seniors, I'm a senior myself and I use the American Indian native health center right down if street here and I am a diabetic and I actually was -- I found out I was a diabetic by going through the program. And I just seen them firsthand help out a lot of seniors, a lot of aging -- people who are aging and do a lot of great work, not only with the services with the programs, the exercise program, they do a lot of good things for a lot of these senior people. I wavment to say as councilmembers you must acknowledge these seniors because as you know many of the health care services are being cut nationwide and we're all under

pressure now to come up with funds to take care of our own health. Many seniors have contributed to this country.

>> Mayor Reed: Sorry your time is up. Richard Zepelli, Connie Langford, followed by Rita Morra.

>> Richard Zepelli, executive director or mentor for this group is going to be laid off effective June 1st. This is the first time we heard about it. It's an important program to us. We're asking you please give us three to six months to try to put together a public-private partnership to fund this program. Thank you very much.

>> Mayor Reed: Connie Langford, Rita Morra and then David Sanders.

>> Mayor Reed and members of the city council, I could stand here as I did last year with my hands out like Oliver twist, saying I want more, please, and it would be my preference that would you maintain the status quo in the senior flicks program in the City of San José. But as a member of the senior nutrition task force I would urge you to support and fund the option recommended by that body. Thank you. [applause]

>> Mayor Reed: Rita Morra, David Sanders, Augustine Millan.

>> My name is Rita Morra, I'm a member of the Eastside senior center and I'm here to ask for funding for community based organizations like ours who have not stopped serving the senior population. I'm also a volunteer and I eat every day at the senior nutrition program. It is the only time that I eat during the day. I enjoy the people there, I enjoy the services there and I wish to continue enjoying them for the rest of whatever time I have left. Thank you very much.

>> Mayor Reed: Dave Sanders. Followed by Augustine millan and Tony senseverrio.

>> Hello, councilmembers, I want to say thank you very much. I may be the only one booted here, to say I support you 100%. The challenges we have here is the biggest since the great depression. We all will have to make

sacrifices, they will be terrible characterization, they could be worse. We all have to unite and we all have to stay together. Thank you very much and long life to everybody.

>> Mayor Reed: Augustine millan, Tony Morrow,.

>> Good afternoon, my name is Augustine. I've been going to Alma community center for more than four years and it has been my second home and second family. Our committee has been at every senior nutrition task force meeting, we've met with most of you and have expressed our important this program is to us. However, it is almost as if we haven't been heard. While we appreciate the funding for -- to provide the lunches, the program is much more than just about lunches. What makes it a community and special are the exercise programs, trips and socialization. To be honest with you I'm not sure what I would do if I didn't have the opportunity to socialize at the center. I know that times are tough and the budget reduction must be made but what does it need to be done on the backs of the needy of all. I hope we can count on you. I ask that you keep Alma whole.

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

>> Thank you.

>> Mayor Reed: Tony senserino and then Mary Ann and Patricia Gardner.

>> My name Blanca Swartz. I'm member of the Eastside neighborhood. Here in the center. And I am here today for our good community community for recreational and for physical examiner and also for some classes and commendation and well. If you remember, a healthy senior is a healthy caregiver. And like me, I am volunteer. We appreciate your help. Thank you. [applause]

>> Mayor Reed: Tony senseverino, Mary Ann and then Patricia Gardner.

>> Hello, my name is Tony senseverino and I'm a member of the Alma action committee. I've been going to the center for the past 13 years. I know this is hard to really grasp, many of you are not seniors just yet but these programs are life lines for many of us. We wake up and get ready and have a place to go where we know we will have exercise, card games and more. I understand we are working with nonprofits to have these services at the center but the reality is, if nonprofits are also being cut so severely, they won't be able to do this for us, either. So the question comes back to all of you as our public officials, is it okay to treat seniors this way? Is it okay to cut and hope that it works out? I urge you to reconsider such severe cuts to seniors, we simply will not make it without the city's support. Our membership has worked closely with the city for more than 40 years.

>> Mayor Reed: Your time is up our next speaker is Mary Ann followed by Patricia Gardner. Sorry, ma'am, your time is up. Sorry, time is up. Mary Ann will be followed by Patricia Gardner and Ramir Nadiri.

>> Hello Chuck. Hole fans. City council ladies and city councilmen. This is the bear speaking and I'm telling you if you cut these funds for all the senior centers, you know what, we are going to become potatoes, couch potatoes and I don't like the programs on TV. Any ways we need to have the city to have a heart, turning the back on seniors would mean no more money for me. We need the money for socializing for seniors not only at Alma but across the city. There is a lot of old people in this city and I don't want to go in the grave yarned find them next to me so Chuck have a heart. Madison Nguyen have a heart. Sam have a heart because the bear has spoken. Thank you. [applause]

>> Mayor Reed: Patricia Gardner. [cheering and applause] Patricia will be followed by Ramin Nadiri.

>> Patricia Gardner, Silicon Valley council of nonprofits. 1.4 million out of senior services to just provide meals. It's not just about the meals. It's about the services in our community. Youth programs \$1.5 million you're cutting and another \$1 million in B.E.S.T. Absolutely outrageous. We understand you got to balance the budget but there are a lot of people in our community counting on this city to help them live and thrive in the City of San José. And we ask you all to have a heart.

>> Mayor Reed: Nadiri many Rene Kellyworth followed by Basile.

>> My name is Ramin Nadiri from Indian culture city of North San José. Physical activity, recreation case management referrals transportation for 150 American Indians in the valley and these services are essential to this population. At 100% cut would be a death sentence. funding cuts at 20% will be at least offering a fighting chance of survival. These cuts are going to hurt everywhere but they will hurt the most here. Thank you.

>> Mayor Reed: Rene Kellyworth, Georgia Basille, Vaughn Reed.

>> Good afternoon, my name is Rene Kellythorn. I'm the program manager of meals on wheels and aims I'm representing all the home bound seniors that live in San José. Our seniors cannot get out. They can't go to congregate meal sites. So who's going to take care of them giving them a meal every day. Who's going to look after them when they've had a stroke or fallen? Who's going to bring that smile to their face every day for the only face they're ever going to see that day is the meals on wheels driver? I'm asking all of you to consider being very creative, thinking outside the box and working together as a team so we can look at all the agencies represented today, and help and support them. Thank you.

>> Mayor Reed: Georgia Pasille. Followed by Vaughn Reed and eBay tries Lopez. .

>> Sala, as you know we're a nonprofit agencies, we provide legal service county wide as well as San José to low income seniors. At San José our services are available at PRNS operated sites and districts in engunnel 23rd senior centers. This year HNVF which we received has enabled us to receive new are expanded service at sites in the following neighborhoods. Almaden, Mayfair Southside seven trees and Willow Glen and we thank you so much. Sorry again. If we lose HNVF these services will be eliminated next year. HNVF also neadges us to handle more elder abuse cases than we would without it. If we lose HNVF we'll be turning away abused seniors. We hope that you will consider additional allocating to CBOs and senior centers and nutrition sites. Thank you so much.

>> Mayor Reed: Vaughn Reed, followed by bee@tries Lopez oop nps.

>> I'm a staff attorney at Sala. I provide staff assistance preparing and filing the initial court papers, for temporary restraining order to representing clients at restraining order hearings in probate courts. I'm going to read what one of my clients wrote in an HNVF evaluation about our services. The comments have been redacted to fit into this presentation and to protect my client's identity. The client said I was very fearful, extremely nervous and worried. I had to see a psychologist to reduce my anxiety. Last year my daughter stopped taking her psychiatric medicine and went back to street drugs. She was very scary to me. What I had to do to protect myself my very ill husband and her teenage son still living with us. Thanks to my Sala attorney who represented me in court I was successful in getting my legal restraining order for five years. My stress level is much less and my legal matter has been resolved for the next five years.

>> Mayor Reed: Sorry your time is up Beatrice Lopez.

>> Sala's clients including those who speak only Spanish and I provide a full range of legal assistants in elder abuse matters. One of my clients also wrote an HNVF evaluation of our services and I'd lying to read that. Sala helps me so much to obtain a restraining order against my nephew. Without SALA's help I would still be frustrated and stress bed the 95-year-old mother, her needs are very demanding and having to deal with my nephew made living worse. I was under so much stress I started to lose my hair. I lost many hours of sleep watching my nephew coming and going night after night in and out of the house stealing and trying to sneak his homeless friends stressed now when I leave the house I don't have to worry about my nephew being in my home taking what he pleases. Most of our elder abuse.

>> Mayor Reed: Sorry your time is up. (saying names) .

>> Nima Shahadina, Silicon Valley office of nonprofits rks 153,830 senior meals are provided per year. This includes the John 23rd multipurpose center, portuguese center for salvation in district 525,194 senior meals are provided per year in the Eastside neighborhood center and finally in District 636,855 meals are provided per

year. In the hopes yaicial e-asian Americans for community involvement and self-help for the elderly. Please in conclusion consider how many meals we'll be using for seniors if we take anymore cults. Thank you.

>> Mayor Reed: Lori Anderson followed by maribell andona. Glps aging seven collaborative which is a group of about 80 organizations and individuals that share our common goal to create and maintain a system of support for older adults in this community. We aim to create livable communities for all ages not just youth. We recognize the need for drastic reductions but we believe these unfairly target older adults. While we're willing to strategy with funders and planners in this maintaining these services we feel it's very important to reconsider how of this funding is being spent. This comes at a time when people are not talking about as much although it was on the front page of the paper today that we have the most dramatic demographic shift almost in history, it is about older adults, we need to recognize that. This also comes on years of funding cuts, office on aging was eliminated. The ROP.

>> Mayor Reed: Sorry your time is up. Marbel andonian michael priched. I represent the board of directors of Catholic charities. Catholic charities runs the oldest senior centers in San José including john the 23rd. And the oldest senior center serve lag teen owe and Filipino elders at Eastside neighborhood center in Alum Rock. They provide socialization and much needed wellness service. We Catholic charities are able to leverage your city funds at least five to one with other grants donations and volunteers. We recognize the budget crisis the city is end however the nearly total elimination of senior services by the City of San José is shameful. These cuts are decimating much at the very least we support Santa Clara Valley council of nonprofits seniors at the CBO nutrition sites. Please save our seniors. Thank you.

>> Mayor Reed: Dennis Ocha, followed by Michael Pritchard and then Lou Acarisi.

>> Good afternoon city council. Brief California serves a special group of senior citizens, those with lung disease those with COPD, those who didn't know that tobacco smoke was bad for you many years ago. We understand that you have to reduce but a 100% cut is simply unacceptable. And breathe California requests that you reconsider, so that we can continue providing those important services to senior citizens. Thank you.

>> Mayor Reed: Michael Pritchard followed by Lou Arcaresi and Alice yah Tom. Ooms communities is substance abuse is increasing at an alarming rate. Youth violence and gang activity are also increasing and there is a thread that runs through all three of these. It is a painful and of our youth and their families in the community. The impact of these B.E.S.T. cuts would be increased substance abuse, for at-risk youth, increased juvenile crime, increase truancy in schools, increased ADA to schools decreased graduation rates. In addition to the decrease in B.E.S.T. funding all those listed above would cost the city additional dollars to deal with. With these pending cuts to B.E.S.T. also will negatively impact Public Safety. Simply put the streets the schools the communities neighborhoods would just not be as safe. A 20 to 30% reduction would mean pathway would reduce our current services significant layoff half the staff and serve only two schools.

>> Mayor Reed: Sorry your time is up.

>> P.S. go sharks.

>> Mayor Reed: (saying names).

>> My name is Lou Arkari servings pathways, under the original intent of B.E.S.T. was to prevent youth violence and substance abuse in our city. Pathway has been providing these services within hot spot schools for the last 22 years. We've assisted thousands of students with -- who are involved in drug and alcohol. Our mandate is to save the city money by increasing youth graduation rates, keeping youth out of the penal system, increasing attendance, keeping youth off the streets, improving grades and creating a better relationship with teachers in the community. Exposing students to pro social options. I know you have to make is the hard decisions but I'm here to support the City of San José B.E.S.T. program and it is the most vital and successful program in the City of San José. Thank you.

>> Mayor Reed: Alicia Thomas, Angelica Focundo, James white I don't see anybody moving, Alexander Fox, Virginia palido, come on down folks. Go ahead sir, come on.

>> Honorable mayor and members of the city council, my name Van Nguyen. John 23rd is very necessary for me. As I told them, San José staff university, every noon I take meal at John 23rd, that give me have to keep please superjohn 23rd so it can be able keep running, thank you.

>> Good afternoon. My name is Steve Kline, president of the Burbank Del Monte NAC and first let me say I support the hearts that are in the room. Let me highlight many of the most critical issues that are before you in this brief moment of time. Councilmembers Oliverio and constant had offered an alternative to keeping the Bascom community center closed by adding it to the city's reuse this, we thank you. However, as we read the memo we see it must come about with no impact on the General Fund. Will this hold PRNS in realizing positive reuse partner with the city and strife to find solutions or possible compromises that retain our valued services. Thus we rolled up our sleeves and looked at how other centers had succeed with limited funds. From last year's budget we saw that there might be another option, we saw our strategy called alternative enterprise model. Could this model work for Bascom community center? Our neighborhood is urged --

>> Mayor Reed: Sorry your time is up. (saying names).

>> Can I test this? Okay, my name is ah learn yah Thomas. I think the pathways program is really important. I was seeing my counselor for make four years now, and she helped me through family problems, drug addictions, and a lot of other stuff, and if she hadn't been there, then I probably wouldn't have graduated high school. Still be on drugs, and wouldn't be going anywhere in life. It's really important that you guys try to keep that. It's important for the kids to know they have somewhere to go and someone to talk to. Because if I didn't have it like I said I wouldn't have graduated and I wouldn't have even came to school half the time so that's all I have to say.

>> You guys, my name is Alexander Fox, and this counselor program at school is very important to our students. If you guys don't understand that I mean if it wasn't for my counselor I would have never graduated high school. I would probably be sitting in a jail cell. After I got out of being locked up my counselor was there for me. My counselor built me back up and she got me on the right path, so for you to go and take that away from us

you guys are basically ruining a lot of kids. If it wasn't four or counselors, no one else is there for us. That's not having a heart for you guys to take the people that are there for us away from us. So you guys shouldn't have a heart, you are having one by taking one of them away from us.

>> Good afternoon, council. My name is Angelica. I've been with my counselor for four years, now, I guess and I'm going to be graduating soon. I know that before I started going to my counselor I used to be really bad, used to do drugs and drink a lot and get into fights and not go to school and be really difficult with my teachers and just to have my counselors who are there to talk to and vent to, and keep me on the right track I've been getting better grades, being easier to deal with with my family and my teachers and I have become more ambitious and had better things to do with my life now. If you take away our counselors I know there's going to be a lot more students getting into fights, a lot more people not going to class, our school will lose money because we'll be more disciplinary actions that we have to deal with and if you take our counselors away we'll have nothing left, there will be just be more kids out there in the streets in juvenile hall or just not doing anything. This means a lot to me and to other students at my school.

>> Mayor Reed: Sorry your time is up. James White, Virginia palido, Angelina Hernandez.

>> Hello mayor, I'm standing here for fat way, I'm a pathway counselor. A student of mine who is unable to be here today, her name is Susan, Susan's drug of choice was alcohol. Susan was with the pathway program for about approximately three years. Susan has now finally found an opportunity and found herself to where she was sinking into a deep depression and due to our program Susan has been able to get involved with a program such a summer search which is very helpful in getting her to finally see that there is more purpose in her life in regards to what they was sinking into a deep depression. Susan is now enrolled in ROTC at school, which she is doing very well in. She is master chief she is currently at this time taking some classes over at the Evergreen junior college, building up her credits and now she's current involved with other programs that are really helping get her back on the right track. Her plea right now is --

>> Mayor Reed: Sorry your time is up. Virginia palido, Angelina Hernandez, Susie Hernandez.

>> My name is Virginia Palido, I'm 18 years old, fifort I young people like me. When we don't feel support at home we look for it. Somewhere else but for sure we'll find it. No matter if it's in school or on the streets. We think whoever listens to us cares about us. We want to be around like person either good or bad. Every year students make it to college even worse they don't get either -- they don't get their high school diplomas. I'm proud to say I got my high school diploma, I graduated in time and I'm currently in college. It was in middle school when I met Angelina. She became more than someone to talk to. She became the person who I could trust and give me good advice. Someone who did not judge me by hope. It's been seven years since I met her and we still have communication. I realize now the pathway program was a very important part --

>> Mayor Reed: Sorry your time is up.

>> Thank you.

>> Mayor Reed: Angelina Hernandez followed by Susie.

>> Drug and alcohol counselor with pathway society B.E.S.T. funded program I know time is of the essence but I quickly want to share an example what I believe embodies the work we do, the work that's in risk of being eliminated. There was a girl in group who was rolling her eyes, had the whatever teenager on her -- the whatever look on her face and I figured at least she's here, at 13 years old this particular girl was already enmeshed in an a abusive relationship a controlling relationship with a boy who was guiding her down the wrong road, she was doing drugs with him, she was in a gang with him. He basically controlled her lives. The following week after group, she said guess what I did, the handouts you gave me I sat down with my boyfriend and we checked off all the things he does to me and I do to him and --

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

>> My name is Susie Rivera the director of Fly program Fly's program serve universal juvenets for universities group cps San José B.E.S.T. team. These dollars are crucial to preventing juvenile crime incarceration in San José helping to keep our great city safe. Kids less likely to break the law that they now have assets and skills to make better lifestyle cases. Case that continue our case management and mentor program over 80% do not reoffend, do not violate reengage in school. In PAC means serious fly are a fraction of the cost compared to incarceration. And fly's significantly leverages city dollars with private dollars, continue to make this happen. If we are not strategic in allocating our dollars properly it will cost us more in the long run. Thank you.

>> Mayor Reed: Folted by Maria Cor Teds and Kathleen Crennick.

>> I used to be one of those kids that was out there gang banging one of those youth in trouble all the time incarcerated. Since fly came into my life, I just want all of you to know this, they helped me full fill my true potential I'm not a college student, getting ready to transfer to U.C. and I'm working. What does that mean? That alone, I want to say thank you tot B.E.S.T. program B.E.S.T. services and whoever is helping me. Whoever is not helping, you got do get up and start helping thank you.

>> Mayor Reed: Moraya Cortez, Kathleen Krenick and then Tit hervetion Chan.

>> My name is Mariah Chan. I hope you will continue funding best and fly because it will keep youth out of the streets. Fly helped me because I am not going to be a high school graduate and I have more confidence in myself thank you for listening to my story and for doing everything you can for fly and B.E.S.T. to continue. Thank you.

>> Mayor Reed: Kathleen Krenick, tip Chan Jess Kay foy.

>> Thank you for allowing me the opportunity to speak. Next door solutions to domestic violence will use it's B.E.S.T. and HNMF funding but I'm not here to ask you to return that. I'm asking you to put a slight set aside perhaps \$100,000, for females in means gang raped they lose control of their reproductive health, they often get preeing nants nant, they're young pregnant teen aged girls, there are lots of problems in girls and gangs than

boys. It is much more specific. I'm not asking for prevention dollars this is intervention and suppression dollars but we do believe that we could do a better job with females on gang situations. Females are on the rise in gangs and the violence is becoming more prominent and more prevalent. So we ask that you make that reallocating B.E.S.T. funds.

>> Mayor Reed: Tip Chan, Jessica Hoy, Vanessa Garcia.

>> I'm with tip Chan, Asian close to four years now and serving Yerba Buena high school. It sends a message of hope to our youth for example recently I worked with a group of students that were on operation and using drugs and alcohol and had truancy issues also. As recently I followed up with them. I find out that many of them hbt been incarcerated, grades the improved dramatically. With that said I think cutting beth it sends a message to our youth that they're not important. On behalf of our community please invest in youth. Thank you.

>> Mayor Reed: Jessica Hoy and then Vanessa Garcia and Lucia Rojas.

>> I'm Jessica Hoy, I'm 27 years old and a client at Washington youth center. I was 13 years old when I start Ed gang banging and since then my actions have taken me to prison and been in the hospital. I've lost people that are very close to me. As well as or -- because of the Washington center and especially the staff they provide a safe environment for the children, as well as counseling and late night programs that show these children house to express themselves in positive ways. How to release built up tension like playing hand ball and gangs and drugs are getting worse not better and it's time to stop turning our heads and provide more opportunities for these children. I can truly say that with the help of the Washington center my whole outlook has changed and today I'm responsible and thank you so much for your time, please help us continue to help others.

>> Mayor Reed: Vanessa Garcia, Lucia Rojas, kind of hold it down a little bit. You're cutting into the time of the speaker so please go ahead.

>> Good afternoon Mayor Reed and councilmembers. My name is Vanessa Garcia and I'm from Santa Clara Catholic charities, I attend I knew about drugs, chronological and gangs, so little did I know the consequences these things bring. This program taught me how to make better choices and I think about my future now. This program benefits me and also the people around me. Are dedicate our future and don't take can a our future. Thank you.

>> Mayor Reed: Thank you. Lucia Rojas, thank you for being short. Jenny Nguyen.

>> Good afternoon councilmembers. My brother couldn't join this program, not only because you get to do fun things but because you get to learn how to avoid being in gang or being in drugs. If I treat someone in the boud way I am going to be treated the same way or where this must barely. Well here you have a chance to reach for that goal. Don't just do it for yourself or have this program cost a lot later on you will be preebtd because kids will later on be adults and act different. This means that, a good use for schools. Next year students in this group will be going to high school. As for me and the rest of the students that will be going to high school I look forward to having a good like this one, when you lets schools --

>> Sorry your time is up. Jennie Lynn followed by Malia Drobie.

>> Hi my name is Jennie liven I just wanted to say a few words so here I go, I like this group, clique charities. This is why we need to keep this program. I want my livability to look he comments if middle school. Also please don't cut much our grand parents aunts and uncles depends on local senior service and programs. They will be lonely and isolated in their homes. If they can't go out during the day to attend senior programs our local community center in San José. So all I have to sea and please give a for helping us with this program.

>> Mayor Reed: Malia Drobie is our next speaker followed by Maylan Nelson and Francisco Chavez.

>> My name is Malia Druby, I'm a part of Catholic charities young women's group. Children of the future like I'm in a group home and I depend on staff here because I used to be one of those kids that was like on the wrong path

and just not going anywhere with my life really until I came here like they've helped me realize like what I was doing and the consequences of it what could have come out and I just really appreciate it and I don't think it's fair for you guys to take it away from us because that means a lot to me. That's like a big part of my life, my family right there since I can't be with mine. I just want you guys to think about that, I want to be a voice that's hard not just one that's listened to, I hope you guys listen to me.

>> Mayor Reed: Maylen Nelson, Francisco Chavez and then Shaylene Jones.

>> Good afternoon, mayor and councilmembers. My name is Maylen Nelson. I think it is unfair that you are taking our groups away from us. They prevent the students from drugs fights and pregnancy at a young age. I think you should have asked us teens first because we are the ones in group. Rnd we the kids of the future? They helped me in so many ways. I hope my voice was heard.

>> Mayor Reed: Francisco Chavez, is.

>> My name is Francisco Chavez and I'm from sylvan middle school. I have something to tell you. First, you should be talking to us instead of the adults. They aren't going to this program, we are. We should have a case Catholic charities officers stay or go and second, this program has changed my life, when people say bad things like I'm overweight, I'm stupid and this group has taught me how to channel my anger in a good way. I know this group has bonded more than what -- before. Last but not least I want my little sister to come to this group because it will teach her how to respect others, cutting this program is a big mistake. Catholic charities and other programs are needed to help others youth like me. And myself. Please do not cut programs like this. Save our youth and seniors -- senior programs, thank you.

>> Mayor Reed: Shaylen Jones. Followed by Mario Campos and Patrick Gno.

>> Mayor and city council members my name is Shaylene Jones from sile Vandale middle school. Giving us the knowledge and that no one has expressed to us taking away group would have a huge impact on our lives

including mine. Knowledge that we will remember for a lifetime, they demand importance of education. I mean California is a state of crime gangs drugs, STD and abuse. They help us understand what to expect and what's coming in life. I'm very lucky to have been a part of -- to have the opportunity to attend this program. But what about the other young women that have not experience they had knowledge? Don't you think you should think about them? What if they go down the wrong path because of you took away the group? Thank you.

>> Mayor Reed: Next speaker is Mario Campos, Patrick Gno, Naples Naples.

>> Thank you for giving me the opportunity to speak today. My name is Patrick Gmo, I'm a I'm speaking on the cuts to nfn HNVF and B.E.S.T. Instead of throwing around staskedz, I would like to introduce everyone to our contingent of students to got out of class and rushed here to be with us here. Can I have all students and staff please stand in the back.

>> This only represents a small number of the hundreds of south East Asian and Latino youth we serve here in San José. Ac the city has proposed, whether it be in their own personal life friends family or neighborhood. We commend the large crowd listen to their stories, take thier perspectives. Thank you.

>> Mayor Reed: Kenny dinh, wait just one minute. Let me call some more names. Kenny dinh, new Pham, Darlene Lu. Go ahead.

>> Good afternoon, my name is Cassandra, ac and because of that I hung out with people who were affiliated AACI. With all that AACI has taught me I became a better person. AACI has taught me now ill 23rd want to pes so much for me and I've learned so many skills from them. AACI is a wonderful organization that helps many youth throughout San José. So do not throw out AACI's youth program. Thank you.

>> Mayor Reed: Delana tran, Lu Pham, Darlene new.

>> My name is Nu Phan, extremely different. I didn't meet my mom until I was five and I never knew my father. The only person I consider my family was my grandma. I had many difficulties with her but because of AACI they helped me have a stronger relationship with her, and I just hope that if you cut this program, other kids won't get to benefit from this program just like I did. So please reconsider. Thank you.

>> Mayor Reed: Darlene Lu, Jenny tran, Le Tang, Wes Fukuyama.

>> My name is Darlene Lu and I attend independence high school. It should not be shut down it makes me feel like my life passion and striving for my dream is worth a million. Capable of doing, it guide me to help others and showed me the light in things when it away dark. I was so confident. AACI makes me more aware of my studies and always encourage me to do thing out of my comfort zone. Not only made the team but as leader as well. AACI helped me live out my dreams without my parents high expectations in a fun and healthy way. Before that I was afraid to get on stage or even opening myself up to others knowing that I could trust them with my secrets so I'm standing here asking you to not send out cuts for AACI and project ride the bus thank you.

>> Mayor Reed: Come on go ahead.

>> Good afternoon, my name is Jenny councilman and I'm standing here today to speak about why budget cuts should not be cut from AACI. Over the five years of being in this program I'm influenced to be who I am and to love myself. Before AACI I was ooms destined for greatness that I can be up and go beyond and soar. I learned how to have confidence in myself and that I could do anything if I set my mind to it. I am currently trying to discover myself. I am able to turn to them whenever I have a problem for example boys school and just about anything because they have gone through what I am going through and could easily relate. So if fundings were cut I will have no one to go to so please have a heart and don't cut our fundings.

>> Good afternoon, my name is Lee and I go to independence high school. AACI has impacted my life for many ways. Hundreds of other youth if I never found out about them and joined their program I wouldn't be the person I

am now. I'm in the youth leader program and because of the trainings I learned how to be a better leader. AACI is the reason I am able to stand before you today. They have funding thank you for your time.

>> Mayor Reed: Wesley Fukuyama followed by Rosemary and Han Tang.

>> Honorable mayor Reed and councilmembers, I am a senior. Over 10,000 people a day in the U.S. by 2032, seniors will comprise 25% of this community and mostly be ethnics. By 2050, dementia will be -- will cost us \$20 trillion if we don't take care of it now, in these community programs help to delay the nursing home -- nursing home placement which we -- if you don't pay for programs now you'll pay later. And I would like to say that I heard councilmember Herrera's heartwarming story of caring for her mother so she knows what I'm talking about. I would like to invite you to join me and David Cortese, supervisor David Cortese No. older adults summit on June 1st at the San José garden hotel. It is free, everybody can attend, we want everybody to come. Thank you.

>> Mayor Reed: Your time is up. Rosemary Baez, Han Tang, Sarah Gonzales.

>> Good ash my name is Rosemary Baez, and I want to let you know I'm extremely concerns about the proposed cuts of HNVF youth services. Last year you HNVF youth services entirely. Yet at the same time, you continue to fund special projects and agencies that actually fail to comply with some of the basic contracting requirements like providing an annual financial audit and so that to me doesn't sound quite cloy responsive. Another concern is the shift towards services that are and should be state and county mandates. Last year the state raided the city and they're planning to do so again. It just doesn't make sense why we would sacrifice quality of life services that benefit all San José residences especially when we need these services the most. Children need after school programs, they need community centers, they need libraries, they need parks. I don't know if you're aware but many parents actually send their children to these places because they're not home. If they're not there are they just going to be recruited by gangs? Is that what we're waiting for?

>> Mayor Reed: Sorry your time is up. (saying names).

>> Hi my name is hon Tang and enjoy to independence high school. I'm here to tell you why you shouldn't cut the AACI program. I have been in the program for four or five years and I have built trust. For kids my age it is hard to trust adults. AACI was always there not just through school but through my person programs. Trust and friendship on thank you.

>> Mayor Reed: Sarah Gonzalez, Jeff and Carlos.

>> Sarah Gonzales, coalition member of the B.E.S.T. agency grun. I know you all have hearts. You do have heart and you value the services that you've heard expressed today. The problem is resources and I call your attention to American youth article about the thrashing. Facing the real threat of having to return \$8.2 million to state because they can't spend it enough. Please speak with the county. It won't be hard for to you do because supervisor Cortese came from here. Supervisor Yeager came from here. Shirakawa came from here. I wanted to say an analogy. Osama bin Laden was hiding in plain sight for five years before he was captured and killed. We have resources. If you look hard enough, hiding in plain sight. Thank you.

>> Mayor Reed: Jeff Bornafeld, Los Ortiz, David Mendosa.

>> Good afternoon Mayor Reed and councilmembers. I'm Jeff bornafeld with California partners for youth, and a group of there standing as a few of the memes are the ones behind me of the several hundred youth who come from very difficult circumstances. Most of them start high school ill-prepared. Most of them are not likely to, over half of them would not likely succeed in high school. We manage to work with them in a way they discover themselves, they discover what they have is available to themselves and from there they have a 90% success rate staying in school. With that kind of support that's not going to happen. The neighborhoods where we work are the hot spots. There is excessive crime gangs drugs things you already know about. This is an investment. It's cheaper to invest in intervention than it is to wait and deal with the issue at the other end with social services and suppression.

>> Mayor Reed: Carlos are oh ties, David Mendosa, Yvette Camajo.

>> Can we switch?

>> Mayor Reed: Sure go ahead.

>> Hello, my name is David and I am one of the few youth from CCPY that has actually like improved and changed their ways. I used to be 1R09 gangs and drugs. I'm a young kid, 16, for a 16-year-old kid to go through all that that means something is wrong. Just like the budget cuts I know it is hard but as you heard Jeff said, there is a 90% success rate so if you have 20 kids and only 90% of them are doing good, imagine if we could have 100 kids. That's all I want to say.

>> My name is Los ortess, I go to Overfelt high school I'm a sophomore and I -- and I -- before CPY I used to be in a lot of grand theft, involvement, and drugs, and now I am on my way to graduating high school. And CCPY means a lot for me because if it wasn't for them I probably wouldn't be here I would be in jail and I wouldn't be able to see my family and that's it. [applause]

>> Mayor Reed: I lost track of the names so just come on up in the order that you are.

>> My name is Yvette I'm a senior at Overfelt high school and I'm here to speak about CCPY the program I'm in. I'm about to graduate next Wednesday, if it wasn't for CCPY I don't think I would be graduating. It has helped me with the relationship that I have now with my parents, and it would be really sad if you didn't give the opportunity to other kids to join the program and help them with their problems. Thank you.

>> Hi, my name is Eric grade, CCPY has changed my life. I used to be on the wrong path in trouble a lot like I used to skip school, do drugs and other things. Now I am on the right path, I'm -- I'll be able to graduate and I and I do not get in trouble anymore and I also learned how to take responsibility of my action. Thank you. [applause]

>> Mayor Reed: Yvette Ibara, Lew Seth mor Al easy, Colin hutchins. Go ahead.

>> Good afternoon I want to thank you all for your wonderful service here and for the deaf and hard of hearing programs and their families. Do you know what it's like to be deaf? Do you know what it's like to be different? Do you know what it's like to not have anybody to communicate with you? We know what it's like to work with families in these communities and we work together with them. I'm not asking you to completely keep the budget I'm just asking that you consider reducing it so that we can accommodate with the money that is left because if we don't have the services where are these people going to go? Where are we going to get these services for these families for the deaf and hard of hearing in the community. So I'm hoping you'll keep did services so thank you.

>> Mayor Reed: Lisette Morales Colleen hodkin and.

>> For youth as being part of this program for over nine years. I started as a volunteer when I was about 20 or 21 years old, and over my time with CCPY, I've had the pleasure to experience many miracles happen in our program. You know I've worked with students or with youth that you know at a time when they were 14 or 15. They had no goals. I was working with one of the youth and working on their goals and he said why do I want to go to school, why do I want to stop doing drugs if I'm going to be dead by 16? Working with those kids used to break my heart but at the end of three or four years when I see them graduate from high school or change their path instead of going in a direction that would take them to juvenile hall they will learn to make decisions that will give them a future that has more value and more pleasure not only for their family but for them. I understand that you guys have to make decisions and I don't make --

>> Mayor Reed: Sorry your time is up. Colleen Hudgin, Laura Senteno. Laureen Weaver.

>> Good afternoon, Colleen Hudgin. I'm here representing frail at risk San José residents who are suffering from Alzheimer's, dementia Parkinsons, MS. They are totally dependent on their family members their sons their daughter for 24 hour nonmedical care. Our centers are their respite, it's their life line to really for some of them to still be able to work, to still be able to enjoy these other wonderful facilities like parks and libraries that you offer in this city. The quality of the community is at risk here. We serve about 450 families and I say families because we

not only wrap our arms around the senior but the families as well. So Monday through Friday, from 9:00 to 3:00 we welcome seniors in. We provide breakfast and lunch so our nutrition program is on site at our centers but we provide a full day of stimulating activities, dancing, story telling, pet visits intergenerational activities. So these centers welcome San José residents in and provide them with quality of life. The loss of \$43,000 of HNVF will eliminate one center in San José. Thank you.

>> Mayor Reed: Sorry your time is up. Naples snaisms and Carmelochoa.

>> I'm the father of hard-of-hearing child. Having Michel attend a community center such as FCS, family and children's services has been a benefit not only for my family but to all the families that attend the after school program and also the family workshop. In this short time that we have been meeting every Wednesday and also on Fridays for the after school program we have seen our children grow up, be a better member in the community and school playgrounds and in chooms as well as a better family member. FCS has done so much in the past years, that we like seeing our children be themselves among themselves in the community and also with friends and family members. Thank you.

>> Mayor Reed: Laurie wheeler, Carmello Trillo, (saying names).

>> I'm a teacher at Mt. pleasant high school on the Eastside and about three years ago path waist was brought on board as we realized we had a huge A of high risk students, a substantial amount of them come from homes of substance abuse or maybe the abuse of ignorance and neglect. They sounder foundation so that population is at a much higher risk and pathways help so many of them turn around. I mean over and over, what do I do with the kids I find smoking all the pot in the bathrooms as I go through? Get those coping skills where do I send the kid who's drinking every morning, she's so depressed, she's falling out of her chair. Where do I find the one in his journal he's suicidal, he is not an alcoholic but his mother is she's doing two years for D.U.I. and he's in foster care. We need --

>> Mayor Reed: Sorry your time is up. Carmella Trillo, Letitia Thomas.

>> I go to fisher middle school and I'm 11 years old and I have a counselor her name is Marina from Catholic charity, she has helped me out so much, when I have problems she helps me out and she works them out with me and for you guys to stop that is not good. And she just helps me out so much, and she has gave everything to me that I have never had and no more problems at home, no more arguing, so much things you know. You know, that's all I have to say.

>> Mayor Reed: Thank you. Leketia Thomas, Mary Ann Laur yah.

>> My name is Lekecia Thomas, I go to middle school. My counselor if it wasn't for her I'd of I'd probably not be in school and getting good grades. You guys should keep the clique program still going because this program has helped me, will keep helping me, from -- and for other families. Being a young mother people normally judge me but through the program they don't judge me. Got back in school, and I can't thank them enough. Thank you.

>> Mayor Reed: Mary M. Laur yah and then Dana Bunnet or Bennett.

>> My name is Miriam Laura, I'm supporting clique chairsd. It is really unfair for you guys to cut their funds because I mean they've helped a lot. They helped me a lot. I'm no longer in danger of graduating. I went to a truancy meeting today and she was there, Marina my counselor she was there to support me and that felt really good from her because I've never had somebody like that. This program helps kids stay motivated and without this program where would kids be, where else would they stand if they have nobody on their case just helping them out and even though my mom does not speak English she's here to support me and this Catholic charities also as well and this program helps a lot of kids stay out of trouble and streets and such and I just here to support. Thanks.

>> Mayor Reed: Dana Bennett, I have some other cards. If you want to speak, come on down.

>> My name is Dana Bennett, children's advocacy organization. I want to remind you that citizens of San José has benefited from the collective impact of your investments in children's and families and in community organizations and in your governmental programs. I'm a member of the sandwich generation and I I would beg steal and borrow to make sure my child's essential needs are immediate and my parents essential needs are met. I urge you to do the same. Thank you.

>> Mayor Reed: That concludes the public comments for this afternoon's budget study session. We have a few moments left, I don't want to waste them because they are precious. It's safe to say we'll take the public safety folks that we will not start Public Safety before 10:00 tomorrow. Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you. First of all I just wanted to thank all the people who came down to speak and especially thank you to all the nonprofits who have worked very hard. Obviously you heard from the testimony that the work you do really made a difference in the lives of many of the residents here in the city so we truly value your work and we see you as a partner rather than competitor when it comes to the allocations of funding which we don't really have at this time, for you to continue the work that do you. I just have a couple of specific questions first one I guess to Jane. Jane when I look at this map and we're looking at pairing the various libraries when they should be open. Did we conduct any kind of poll you know with people who visit the libraries to see if for example if you -- if we're going to open the Tully branch library Monday, Wednesday and Friday which library would you want to go, would it be Evergreen or would it be Edenvale or Santa Teresa? How do we determine that?

>> Jane Light: Well, Vice Mayor Nguyen first we looked at the statistics we have about the actual use and we have a lot of use even by hour, for how many items are checked out, and daily visitor stakedz that we keep. So we were able to fairly easily look at some libraries, very clearly particularly if they are on a school campus or immediately adjacent to one. Really heavily used and on the weekends, we started on that premise which libraries would lead where. Then we have some old, some fairly old data but it's data that we developed as we were building our new libraries where we had alternative libraries because a given library was closed and from there we

knew where people went because their library was closed, we used that as well as some data we have about literally the distance from one library to another.

>> Councilmember Nguyen: Okay great, thank you. Let me move to the senior nutrition program. I guess probably the next couple of questions for aing EI or I guess Norberto is fine, too. So we're looking at providing meals for up to 13 community centers. But those meals will be only cooked at four facilities. And in this proposal, we're looking at just staffing one recreation leader and .5 I guess an administrative person to kind of look at how these programs will be facilitated. So it's like an oversight position. I'm very concerned about how we're going to distribute these meals, obviously we have someone to cook the meals, we have the nonprofit organizations but we're looking at volunteers to sort of supervise. What if we don't get enough volunteers to actually help out with the distribution of these meals?

>> Vice Mayor, assistant director of Parks, Recreation, and Neighborhood Services. What we have done over the past seven months is we have been working with the senior nutrition task force, and brought every conceivable angle. The proposal that we have on the table now is basically identify up to four regional facilities where we would cook from. The food would then be transported or catered to the other sites. And basically what we're looking at is a combination of nonprofits providing the delivery also using and coordinating a pool of volunteers that would also help receive the food and distribute it.

>> Councilmember Nguyen: Right so I guess my question is we're depending on these volunteers who are volunteers with the nonprofit organizations, but my concern is, especially at the Alma community center if you go out there during the time when they actually get these meals we have about 60 seniors. We don't have enough volunteers I just think that you know it's going to be really rowdy and people might not be able to get the meals that they come for.

>> Yes, that definitely can be a challenge however past practice has told us that already even with our existing sites we already depend on a large cadre of volunteers and we feel hopeful that we could get that over the goal line.

>> Councilmember Nguyen: As we review the process are we continuing to coordinate to make sure we have enough volunteers to help out with the distribution of these meals?

>> Absolutely. In fact that's one of the primary criteria in the RFP that we are currently writing literally as we speak, really the need for selecting identifying and managing a volunteer pool.

>> Councilmember Nguyen: Thank you. Some questions regarding code enforcement. I raised these questions before and I'm still very concerned about the elimination of the positions in the code enforcement department. In my council district we see Mike Hannon and your in council district 7 and I'm very concerned that you know with these cuts, how would you respond to many activities speacialt around there are so many problems and I just that alone will pose a lot of problems in the next couple of years. We have a lot of things going on in those areas which I'm kind of don't want to talk about. But these are the kind of things that they're ongoing and I'm starting to see more Vietnamese coffee shops you know opening, I just can't anticipate, can't imagine the burden that this is going to have on your department.

>> Thank you for the question councilmember. I share your concern. You know we've seen cumulative cuts to coat enforcement since 2000, 2001 and we've seen these cuts in really what I would consider really our vulnerable neighborhoods. We've seen now reductions of SNI staffing where we did a lot of proactivity enforcement. We saw cuts last year as a result of reductions in CDBG funding for code enforcement so I share your concerns especially in our vulnerable neighborhoods. What I'm trying to do is develop a model that shifts really the focus from education and outreach to a little bit more of the enforcement side. We are going to do that education and enforcement with the warning letters that I've discussed but at the end of the day when we see a condition we advised the property owner needs to be orbs simply won't have adequate staff to be doing more and more education. We're going to rely on the public to understand what the rules and the regulations are we're going to be available to answer questions that they may have but at the end of the day property owners need to be responsible for their property and if they're not inclined to do so there's going to be consequence.

>> Councilmember Nguyen: How many letters would you send out before you actually send out an officer?

>> Under the new program I'm only going to send out one letter. It's going to be very descriptive. It's going to advise them the nature of the complaint, suggestions how they can get the property into compliance and a phone number they can call if they should have yes, sir. All the information right up front in terms of what the allegation is. They're going to be given city days to comply, most of our residents will initially requesting service that the condition has not been corrected my officer is going to be expected to go out there and do the enforcement side of the equation.

>> Councilmember Nguyen: Now I understand that obviously we operate on a complaint driven system here at the city. You know when you have complaints from neighbors coming through your office coming to my office, how do you evaluate and how do you prioritize what is important to take? Because obviously you're going to be overloaded with all these complaints that are going to be coming in.

>> That's an excellent question. We receive anywhere from eight to 10,000 complaints on an annual basis. We're going to focus firsts on life safety complaints. The vacant building that is unsecured that's creating a location for transients or gangs. We're going to be focusing on properties that create a significant impact to the quality of the neighborhood. We're going to focus on life safety first. Those locations are going to provide inspection twin 24 to 48 hours. It's the neighborhood quality complaints that are not going to get the inspection services, they're going to get the informational letters. Those proatsz where the conditions exist are going to correct them within a reasonable period of time.

>> Councilmember Nguyen: Thank you Mike. Mayor that's all I have for now.

>> Mayor Reed: I'd like to close by the presentation of the staff and the presentation by the public have clearly demonstrated the impacts of this year's proposed cuts on the community. They're no doubt dramatic and widespread and it's just clear that we have to get control over the run-away retirement costs. We're putting \$57

million increase general fund dollars 52 retirement for this next year. That would solve a lot of these problems. Tomorrow we'll start where we left off with council questions.

>> Councilmember Rocha: Mayor may I ask also for tomorrow when they do speak the alternative enterprise model that I heard referenced, could you be prepared to explain that tomorrow, thank you.

>> Absolutely.

>> Mayor Reed: Okay we're going to adjourn for the day, take it up at 9:00 in the morning.