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City of San José neighborhoods services and education committee.

>> Councilmember Campos: I'm going to ask the Clerk's office to do roll call.

>> Vice Mayor Chirco. Councilmember Chu, here. Councilmember Oliverio, here.

>> Councilmember Campos: If you look at our agenda, we have the consent calendar, which are most of the items that we have review of quarterly performance measure reporting. And I'd like to add to the consent calendar, item 3.6, which is a report on key legislative items, unless my colleagues have some questions on that. Put it on the consent unless you have any questions on that particular item to hear it. Is there anyone in the public that would like to speak on legislative items? If not we'll put that on the consent and could we get a motion?

>> So moved.

>> Second.

>> Councilmember Campos: All those in favor? That passes unanimously. Thank you. I probably should have asked you if you had anything to say. But I don't think you do. You're here for more questions, right? Okay, thank you. So now we're going to go to item 3.2, report on housing element.

>> Councilmember Chu: Do we need a motion to defer?

>> Councilmember Campos: I'm sorry, we do. A motion to defer the items, to accept -- the second motion would be to accept review of the work plan. And all the other items underneath. Can we get a motion?

>> Councilmember Chu: So motion.

>> Councilmember Oliverio: Second.

>> Councilmember Campos: All those in favor, that passes unanimously. Thank you. Now we're ready for you.

>> Thank you. My name is Allen Ti from the Department of Planning, Building, and Code Enforcement.

>> And I'm Wayne Cho with the housing department.

>> And today we would like to give you a status report on the housing element update. For the past year and a half city staff has been doing public outreach on the housing element update. And before we begin to detail, let's go ahead and talk about some of the basics of the housing element. The housing element is one of seven required elements of the general plan. It is also the one element that is subject to the most requirements under state law. There is a requirement for it to be updated, every five years. And submitted to the state Department of Housing and community development for review and certification. Having a certified housing element maintains the city's eligibility for a lot of the state funding for our housing programs. So it is important that we have this housing element updated and certified by the June 30th, 2009, due date. The purpose of the housing element is really to study the City's housing needs. To take a look at whether the needs of our community are being met. So in addition to the demographic analysis, we also will take a look at our land capacity, our land supply to see if there's sufficient land to accommodate the housing that we anticipate that's going to be needed in the future. And with that information we want to develop policies and programs in order to facilitate housing development and increase access to housing opportunities. So as far as this housing element update, we are studying a specific planning period, 2007 to 2014. There are some new legislation and statutory requirements that we have to incorporate. These are requirements that are new for us to study and these include looking at flood policies associated with the 200 year flood plane, and having our zoning support special needs housing, housing for persons with disabilities, and households that are extremely low income, and extremely low income category. One of the key requirements this time around is that the city has to prepare an inventory of all of our housing sites and zone for land at minimum densities to support affordable housing. And upon adoption of the housing element we have to submit it to water and sewer providers to ensure that there is sufficient capacity. One may ask, well, what is the difference between the housing element that we're doing and the general plan update. That's been ongoing, as well. The housing element is really a short-term focus on the housing needs from 2007 to 2014. It has a due date as required by the state of June 30th, 2009. Meanwhile the general plan update is looking at our needs in a much longer time period, focusing on the year 2040. And that does not have a due date.

>> One of the most important components of the housing element is to plan for the region's housing needs allocation. This allocation process is a four-step process. The first step begins with the state determining the overall statewide housing need. The second step is for the state to assign regional needs to council governments across the United States. The council government then allocates fair share housing needs to the state and the city, with the cog, and the Rena, the -- Rhna, regional housing needs allocation is allocated. And that is incorporated into the association of Bay Area governments cog.

>> The City of San José received an allocation across income allocations. This is a 33% increase from the previous allocation between 1999 and 2006. Approximately 56% of the total allocation are affordable units across the spectrum. 34,721. Taking a look at that a little bit more in depth, for just the affordable allocation, the 19,000 plus units, it's broken down into four categories. The moderate, the low-income, the very low income, and extremely low income category. And the income ranges that you see there are adjusted for a household size of 4. So be it a larger or smaller household size, then the income range would either move up or down accordingly. For example for the low income category for a household of four, the range to qualify for a low income unit is about \$53,000 to \$85,000. And then for more context, a single person household would be making just under \$60,000 to qualify for a low income housing unit.

>> As Wayne has just mentioned, the housing target for this current housing element planning period is much greater than our previous target. But we can rely on many of our existing general plan policies as shown on the slide to help us achieve that goal. And these -- and primarily this is because the strategies have been very effective for San José. And they are also very consistent with the direction in state law in terms of encouraging housing to locate in areas where we can maximize efficient use of existing resources. So this would mean that we will see additional housing development in areas near downtown, North San José, and along areas that we've planned for transit and future BART stations. One of the things that we want to emphasize is that with future development likely occurring much -- in much more of a compact form and in higher densities, we do need to look at our design guidelines and ensure that future development will be compatible with our existing neighborhoods that are at lower density. We earlier mentioned as far as the housing element update we do have to identify our land supply to meet the housing target. What you see in this slide is our exercise of showing how many units we anticipate can be developed during the planning period. We're not saying that you know, the 49,000 units that we've identified here will be developed. But that the city has demonstrated our land use planning efforts, and laid down the groundwork so that if the developer interest is there and market conditions are ripe, that these issues could be developed. That's what the state law requires. As far as the housing element, we need to look at the constraints that may exist for housing development in this city. So these include looking at our zoning regulations to see if they're adding requirements that may prolong or add additional costs to housing, looking at our processing time to see if they are creating a burden. But it's also important to acknowledge that a lot of these procedures and requirements are there to achieve some other purpose, such as our traffic level service policies.

>> The other component of the constraints are the nongovernmental side. And that includes things like market conditions, the economic recession, production costs, the availability of financing, and environmental constraints such as soil conditions or brownfield conditions. Production costs have increased over the past few years, particularly with things like steel and concrete. The issue of the availability of finance is certainly closely tied to the economic situation ride now. With the availability of financing, there's been an impact on the amount of funds available from the state, for example. As you may know, back in November the state put a halt on bond-funded projects across the state and that's impacted the City's ability to continue to finance affordable housing developments. This is also true for market rate development as well. Developers are finding it difficult to find lenders who will provide access to capital to finance construction.

>> To respond to these constraints, the city has implemented a number of programs to help streamline and facilitate development. What you see here are home buyer and home ownership programs that the housing department has implemented and Wayne can elaborate a little bit more.

>> Sure. These are different programs that the city has implemented to assist housing affordability on a variety of fronts. The home ownership program is specifically geared towards existing homeowners who may have conditions in their current mobile home or their single family home where they need fixing but they're not able to pay for the upgrades to maintain a health and safe place of living. The home buyer programs are geared to first time home buyers or teachers. We have a teacher home buyer program. The neighborhood improvement projects are more for improving the community overall by making sure there's quality housing in the neighborhood. We have a large commitment to eliminate homelessness through our destination home program and project development is one of the key activities that the city undertakes. Primarily by providing gap financing to affordable housing developers in order to make the projects financially feasible.

>> And as part of what we'll be bringing to the city council in June, are some recommendations for implementation items after the adoption of the housing element. Some of these programs we have already implemented such as the secondary unit ordinance. We have developed additional guidelines for

transoriented and a designed-review process for high rise housing. But some of the things we need to look at include the exploring of the conventional district that would allow for the development of 30 units per acre. This is an exercise that is actually required under state law that we do. And in addition we are recommending that the transit corridor residential and the residence support for the downtown core general plan land use designations, the minimum densities be increased from 20 to 30 units per acre, to comply with state law. ..in terms of next steps, we're currently in the public outreach period, public comment period. The draft EIR is submitted to the state for a 60-day review. We anticipate getting comments in May and upon revising the document per the state comments we will be submitting it to the city council for approval and adoption in mid June, in time for some state certification by the end of June. So that concludes our presentation.

>> Councilmember Campos: Thank you, I appreciate that. Are there any questions or comments from my colleagues?

>> Councilmember Chu: Three points. Thank you very much, Madam Chair. Regarding to the programs, I know that there is some federal money that will help the homeowner to improve their energy efficiencies in their homes. Is that something that we considered?

>> Yeah, in the housing element it is actually part of state requirement that we discuss opportunities to encourage energy efficiency in residential development. So the draft document does include a chapter that talks about the various efforts that the city is taking on to encourage energy efficiency in residential development.

>> Councilmember Chu: Are we going after some federal money on this particular front?

>> We're definitely involved with the efforts to get as much federal money as possible on a variety of fronts. So whether that be infrastructure or weatherization money or green money, currently also the housing department works closely with ESD to work on programs for example related to low energy appliances. We have a priority for funding, providing funding for affordable developers who are willing to look at more green and energy-efficient solutions. One example is Gish housing in North San José and that one has been particularly successful. I believe it's the first LEED certified affordable housing development. It had to have solar panels on the roofs. That's won several awards. We continue to look for ways we can go green for affordable housing.

>> Councilmember Chu: Thank you.

>> Councilmember Campos: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, chair Campos. Couple of pointers here going through the PowerPoint. Does every city in California file a housing element?

>> Every city is required to have a housing element as part of its general plan.

>> Councilmember Oliverio: Understanding it's required but do they all comply?

>> I think there's proposal a handful that have housing elements that are not in compliance.

>> Councilmember Oliverio: Okay. Would it be possible to get those via e-mail or informational memo?

>> We can look and find the cities.

>> Councilmember Oliverio: Going through the PowerPoint, on the SB 1087 coordination of sewer and water projects, when you are looking at it from the residents point of view, you hear about water shortage and cutbacks. What is the dialogue if you can describe that?

>> One of the things I should mention as part of this housing element and the capacity that we've identified for meeting the 2014 housing targets, these are all already documented in our current San José 2020 general plan. So the capacity for sewer and water has already been factored in. We don't need to make additional land use changes. So I would say that it has already been coordinated. And the submittal, the requirement for us to submit the adopted housing element to water providers is just to check in and notify them that out of this general plan capacity we're allocating an X number to the 2014 planning period. Now part of the general plan update when we identify additional capacity beyond 2014, that would be where the discussion would occur as far as whether we have additional water and sewer capacity for those additional units.

>> Councilmember Oliverio: Okay. And the sites that we are identifying for housing are they all zoned residential?

>> Currently, no. Not all of them are zoned residential but they are designated residential on our general plan.

>> Councilmember Oliverio: Once we designate this as later can be built housing, later on in the presentation you mentioned something to the extent that it would allow for the groundwork for the

development. Does then a developer have more of a legal claim to develop land that has been identified in the housing element versus land that has been left out?

>> Correct. If a site was designated residential, that site could be rezoned to residential to allow residential development. What we're recommending is to establish a multizoning district that's conventional that we could apply to sites in the future and once that occurs then developers can apply directly for development permits.

>> Councilmember Oliverio: Okay. Then, I guess a comment, just continuing on, I know the state determines our housing need but they certainly don't change the ratio of property tax the cities receive to service those residents. Then when it goes to the council of governments technically they don't have any legal authority over San José. So they kind of give us this target that is stuck with us. So I've always had concerns there. And then so you discussed the option of zoning parcels of other types. And then for these City Attorney, you know on the housing element programs, I assume this is not in the city charter?

>> No, I'll have to get back to you on that one.

>> Councilmember Oliverio: Okay, because I know we sometimes grow the scope of what's under this and I want to know clearly what's the case. And I appreciate you answering the questions and I'll look for follow-up on the city attorney's and the housing department for the first question. Thank you Madam Chair.

>> Councilmember Campos: Thank you. I wanted to go back to the first question member Oliverio asked, regarding does every city have to have a housing element? They may have to have a housing element but do they have to reach their goal of building those number of units?

>> That's always been an ongoing debate.

>> Councilmember Campos: That's why I'm bringing it up. I think they may have the plan but that doesn't necessarily mean they're going to strive to build those number of units in their city, is that correct?

>> That's correct.

>> Councilmember Campos: That's the debate.

>> The use legislation is moving more and more towards adding more restrictive requirements to those cities that don't have a certified housing element or have a housing element but choose not to implement those programs.

>> Councilmember Campos: So I think as you bring that information back to this committee I think we'd like to understand, is that kind of where you're going Councilmember Oliverio? I'm trying to understand. I think we've had this discussion in depth when I was on the league of California cities. Certain cities in California were building, doing the goal and some were not.

>> Councilmember Oliverio: Yes, chair Campos, I don't want to see San José bear the entire burden for housing.

>> Councilmember Campos: It would be helpful for us to understand that process as it moves forward, as well.

>> Their comments, my fear is once we -- we've been historically very generous and open and then we expose ourselves and next thing you know we're again rezoning land for housing from jobs, am I really serving my current residents of San José is my main concern.

>> Councilmember Campos: Thank you, can we just accept the report?

>> Yes.

>> Councilmember Campos: A motion to accept the report.

>> Very good.

>> Councilmember Campos: All in favor, opposed, that passes.

>> Thank you.

>> Councilmember Campos: At this time we're going to have a report on our aquatics.

>> Thank you honorable chair and members of the committee. Suzanne Wolf, and Jeremy Shoffner, the general manager of the aquatics program. We know have you a very full agenda before you today so we'll keep our comments very brief. We're pleased to report that all of the items for '08-'09 are on track. And that we are -- have successfully completed the Mayfair pool and spray park in time for the January 31st grand opening. It was a very successful opening and we are continuing to work with the Mayfair neighborhood and youth from that area to become lifeguard cadets this summer. We're also on track for completing the historical tile renovation with San José rotary and friends of Ryland pool for the spring and also for the completion of the ventilation and air circulation systems at Camden prior to the opening this summer. Partnerships are strong in aquatics and continuing. In fact the Santa Clara family health plan

has already purchased 30 adult swim passes for this summer. And with that, our lessons begin on June 22nd and close on August 15th. The schedule for each individual pool is in your packet and in the report before you. We also noted that the C&C revenues have decreased in the PRNS capital budget. The master plan identified \$500,000 in each council district for implementation of the master plan. That will be made as part of the C&C budget this spring. With that we're available to take any comments or questions that you have.

>> Councilmember Campos: Thank you for the presentation. Do my colleagues have any questions or comments?

>> Councilmember Chu: Quickly.

>> Councilmember Campos: Councilmember Chu.

>> Councilmember Chu: Thank you, Madam Chair. Regarding the hours of recreation swimming, remember last year talking to a lot of constituents in Alviso. They would love to change the hours for the recreation swimming. But if I remember right, this hasn't got changed for this year. So is that any reason that we cannot accommodate a request from the constituents?

>> I'll have Jeremy speak to that specific request.

>> So as a change from last summer's program, we did change the recreational swim, in addition we moved our swimming lessons which last year were offered in the mornings and are now being offered in the evenings to meet for a need of access to swimming lessons in the evenings, for the Alviso community.

>> Councilmember Chu: Thank you so much. Thank you.

>> Councilmember Campos: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, chair. On -- since the topic's come up so much on PRNS on the topic of cost recovery, if you broke out pools just by themselves what percentage of cost recovery are we?

>> We're 41% cost recovery for our aquatics program directly cost.

>> Councilmember Oliverio: Got you, that ranks quite significantly higher than some of the other programs we offer?

>> It is higher in terms of aquatics throughout the other cities in the region, in the nation. The program is famous for recovery of its program and price revenue strategies.

>> Councilmember Oliverio: I see the planning for new aquatic center in district 2.

>> Yes.

>> Councilmember Oliverio: What would be in general opening up facilities in the city, so an aquatic center versus a community center, et cetera, what is the typical cost of running that facility once you've built the capital and made it happen? I know for example, a joint community center, costs us \$1 million a year to operate it. Is it \$200,000 top rated per year?

>> It varies by type of center. We could certainly get back to you with that. But it does vary. If it's a neighborhood serving center versus a large aquatic center. Those have different cost structures and certainly different operating costs.

>> Councilmember Oliverio: The council had our deliberation last year on how much it cost to go to the school and that that is status quo payment at this time?

>> This year it will be the same.

>> Councilmember Oliverio: Thank you chair.

>> Councilmember Campos: So my question to you is regarding the C & C money that you're asking be reallocated back to the -- is it the overall C & C, construction and conveyance? I'm looking at page 4.

>> Sure, on page 4. My understanding it goes back to district 7 C&C funds and Matt cano is here to elaborate. Oh, sore.

>> Councilmember Campos: You have districts 6, 7, 8, 9, 10. That money originally came from each council district or from the citywide C&C?

>> Matt Cano Parks, Recreation, and Neighborhood Services. It originally came from each council district.

>> Councilmember Campos: Okay, so that's helpful to know. So what are you asking here?

>> We're actually not asking here, we're register -- we're just notifying the committee that during the annual budget process for the district 7, the district C&C fund balance is extremely low. And in order to balance that we have to lower the \$500,000 aquatics reserve to \$200,000 for the district 7. And in this memo we're advising your committee that we'll be doing that during the upcoming budget process.

>> Councilmember Campos: Otherwise the amount remaining goes back into the original council district C&C, is that correct?

>> Correct. At this time we're not for example for district 5 the capital budget that we're moving forward still has a \$500,000 reserve for aquatics. And so district 7 is the only one that we will be recommending changing at this time. But in future budget processes we may need to revisit with the councilmembers the other reserves.

>> Councilmember Campos: Okay, thank you. Any other questions? I guess with that -- thank you, and a second?

>> Second.

>> Councilmember Campos: All in favor, that passes unanimously, thank you. Now our next item is 3.4, a report on homework center program update.

>> Good afternoon, Madam Chair, members of the committee. Albert Balagso, director of Parks, Recreation, and Neighborhood Services. We're here as part of a year long task that we've been working with the various school districts or the school-city collaborative, rather, to look at how we can amend the allocation process for the homework center program. Last year, the council approved a reduction in the homework center funding and it was bridged over with the current funds to allow us to not have an impact this year. But consequently we are going to have an impact next year. So in order to be sure that we can disburse the funds appropriately, we worked with the members of the school districts to look at a revamped or amended method of allocating funds. And the methods in which we would allow them to utilize those funds. This report also includes an update from the --

>> Councilmember Campos: Albert, could you get a little closer? With that going, I can't layer you.

>> Albert Balagso: Sure.

>> Councilmember Campos: In you go.

>> Albert Balagso: This includes an update by the Silicon Valley education information and Neil Rofino will be providing this report.

>> Councilmember Campos: Thank you.

>> Neil Rofino with Parks, Recreation, and Neighborhood Services. I don't know what happened to the projector. It turned off. But I believe the packet on the slide show should be in your packet as well. Just real quickly again, the recommendations are being brought forward to number 1, accept the Silicon Valley education report and the summary of actions and discussions we've had with the school-cities collaborative. We're looking to block-grant the school base funding to the districts, serve being kindergarten through eighth grades. We're looking to maintain the '08-'09 levels, funding to the CBOs to the libraries as well as the community centers. Establish a minimum grant award per site of \$10,000 and expand the use for these homework centers to be allowable to be used on the weekends as well as summer. The background of where -- to where we are today is, last year we contracted with Silicon Valley educational foundation to conduct a system evaluation on the homework centers, as well as, we were put forward to dialogue with the school city collaborative to talk about ways to better improve the homework center, create some efficiencies, especially to manage the reduction of \$755,000 that took place in this year's budget but did not affect the homework centers with a bridge of one-time funds. However in 9-10 as can you see in this proposal that \$755,000 was reduced directly. The goals we set out in terms of the discussions not only with the education foundation and the superintendents in the collaborative were definitely to manage the reduction. We wanted to listen to the school districts, to meet the need of the schools, create a greater flexibility, in ways to support their educational plans we want to create efficiencies, establish central school district contacts. In terms of the analysis and what we found out from both the education foundation as well as our communications with the superintendents was, there were a number of mutual recommendations or mutual issues that they brought up for us. Number one, the homework center program was important to all school districts and all children. It didn't matter if it was a high income school, low income school, large or small school, across the board the superintendents as well as the research done by the education foundation found it was a very important program for all families who receive it.

Both groups did identify that the allocations should be based more on an equity system than the way it has currently been allocated and that the homework centers do provide a safe place for children to go to. Some of the divergent recommendations that were brought forward was the Silicon Valley education foundation based on their research recommended that the homework center should focus on academic alignment, that in order for the school districts to really improve, any of our money should be directly supporting some of the math, especially math and science areas around the academic areas. And they

also recommend the support of the intermediary that would manage the funds, that would manage and allocate the funds outside the city. The school districts felt that we want to continue providing the homework centers as a safe place for kids to go with an element to support the academic program and not only focus on a heavy academic structure. They want the money to support the current district objectives, and that could -- then that meant to them have the flexibility to allow their funding to go into different areas of education not only to be possibly structured with math and science. And they felt that in this process, if there aren't major changes or there's not a lot of money going to be brought in by intermediaries that they felt that was not necessarily a benefit to them. So in this one, we looked at about four different types of allocations, and we brought forward to these superintendents in the collaborative, we had a multiple discussions with them, yesterday, in terms of where we are with the memo today. We looked at allocating across all the districts, K-12, based on the percentage of the total enrollment, looked at focusing on the middle school which is a tight and critical need area for that age group, focusing on total population, we also looked at focusing on middle schools with the allocation of large middle schools versus small middle schools, and kindergarten to 8th grade, versus total enrollment of the schools. The recommendation that the Parks, Recreation, and Neighborhood Services is bringing today to allocate the funds, to schools serving kindergarten through 8th grade, we felt that that provides again with a reduction of funding a targeted area to focus on especially on the need of prevention areas for children, elementary school and middle school areas again providing the school districts the flexibility that if they felt they wanted the folks on the middle schools they had the ability to keep it in sixth, seventh and eighth grade, but also allowed them to mix how they want to utilize the supportive funds to them. With that that's the earned of the presentation and we are here to answer any questions and comments.

>> Councilmember Campos: Thank you for your presentation. It was very thorough and precise. There are any questions from my colleagues at this point? Thank you, see, it was precise. I just want to make a few comments. First of all, thank you. This was something that I know has been on your plate for a while. And we've wanted to figure out how we could maximize our resources, even though they're just a portion of what the schools need to actually be able to address all their needs. But I think it's a good start, and I think that the new model that you've come up with will really give the school districts the ability to assess themselves of where they need to focus, whether it's K-5 or 6-8. The other thing that I appreciate is that you were able to work with the Silicon Valley educational foundation. And I would just hope that as we move forward, because they're actually a great organization, and we shouldn't isolate their resources, we should figure out how we can use their expertise, as we continue to move forward in making sure that we close the achievement gap in certain areas. And I know that the superintendents, along with the City of San José, will keep that in mind as we move forward. Albert, thank you for your leadership from the committee, because I know that this was a task that we gave you a while back, and it was a challenging task. But I think that we've come out with the best solution, that is not only good for the city, but I think will serve the school districts very well, too. I really appreciate that you were able to bring everyone to the table. You worked with mostly -- I don't think all of the superintendents, but most of them. Did you work with all of them or most of them?

>> Albert Balagso: We focused on the ten school districts that are primarily within the City of San José. But when we met with the school-city collaborative it included all of them. So more of the smaller discussion. And I should also point out that this is, I think, the best proposal we could bring forward. Obviously high schools are not represented in this one, but we had to make some choices to try to get enough critical mass to school districts so they could actually do something. I'm not surprised if it doesn't please everybody but it is the best we could come forward with.

>> Councilmember Campos: Could we get a motion to accept?

>> Move.

>> Second.

>> Councilmember Campos: All in favor, thank you.

>> Albert Balagso: This should be cross referenced to the entire council.

>> Councilmember Campos: We will do that. So at this time, we'll look at review of the proposed, is it the fees and charges.

>> Albert Balagso: I'm still here.

>> Councilmember Campos: That's what I figured. As they work on the technical issue, I'm going to get started here. I have with me Julie Edmonds Mares, our assistant director of PRNS, as well as Katy Crowder, who has been working on this project for about the last year and a half of her life. I'd like to start off, we began with this notion over a year ago of how could we be a better organization, and being more

self-sustaining. It's no secret, the economic difficulties that we have today, and the greater ability that we have in PRNS to support those services enables us to keep the services out there, keeps the lights on, and make sure that we can engage as much of the community in these services as we possibly can. We utilized a consultant that helped us to look at the direct and indirect cost, and Councilmember Oliverio was saying earlier. We had to really dig deep into what do we do and what should we be doing and how much does it really cost? And the methods that we would look for and how we would set these fees. This is going to be something that we're going to grow into and progress over the course of time. This today is the first opportunity for council to discuss or the committee to discuss to forward on to council for further discussion for approval during the budget process itself. So with that I'm going to hand it off to Julie to commence the presentation.

>> Thank you, Albert. So what we wanted to do is give you a little bit of an overview as to where PRNS is today. Parks, Recreation, and Neighborhood Services. And this slide may be a little busy but wanted to start it off by letting you know that the historic challenge of the department is to allow as many programming and therefore kept prices artificially low and not recovered much in terms of the cost to provide the program. The challenge during the citywide budget reductions over the past many years has been a fiscal impact that is very challenging for the department to manage. The bottom right is not supposed to be an eye chart, but it's meant to represent staffing. It starts over on the left side in 2000, 2001, the full time staffing in our community centers for example was approximately 150 FTEs. And we were managing approximately 290,000 square feet of community center space at that time. So the bar represents the square footage of space at community centers. And it's really great we've had measure P, we've been able to bring in a lot of new infrastructure, we've expanded our infrastructure, and have new facilities coming online like the beautiful Mayfair center. But as we've increased facility space, at the same time we've had budget challenges and reduced staffing. So you can see the chart goes down. We're in the middle of the program. This is a historical look back and forward. In '08-'09 we have 115 FTEs for 524,000 square feet and then the rest of the chart is really a forecast, based on if, as we bring facilities online, we're able to get new staffing. Ultimately we'd be at almost double the square footage as when we started, as you can see on the bars, yet the staffing will be less than when we started in 2000. So it's a little bit of a challenge. So what can we do in terms of cost recovery? The first thing we did is, is it realistic for us to increase our prices? So we looked at other municipalities, other large municipalities like ours, and we found that our department is more or less in the 11% cost recovery rate. Whereas other large municipalities are in the 40 to you see 28 to 40%. Interestingly, I should also note that the consultant, rose consulting who's been working with us throughout this project is actually working with some of those other cities that are in the 25 to 40% range to bring their rate up higher because of the tough economic times everyone is having. So next slide. So then on the next slides I'm going to go over the pricing and revenue guiding principles, get into a little more detail about cost recovery goals, ensuring affordable access through scholarships and creating revenue strategies. Also wanted to note that the policy that we're proposing would authorize the City Manager or its designee to have more authority in terms of setting prices. Currently there is a differentiation, some prices are set by the parks and recreation director. An example of those would be youth, adult and senior recreation classes. Those are set by the director. Others are set by the council: Aquatics program, family camp fees, and because they're approved by the council, they're only done on an annual basis. We would like to react to the market conditions so we are proposing to designate all of them to the City Manager or designee. The policy goals would be approved annually in the budget process so the authority to approve the cost recovery goal for each program such as cost recovery goal in aquatics, would be conducted by the council, on a fees and charges mechanism on an annual basis. A little bit about cost recovery goals. How we're determining the level of benefit for the individual and the community, for each and every service, is to consider the benefit that each receives. The benefit to the community at large, and the benefit to the individual in the program. Public services are those that, where everyone in the community receives the same benefit, a public park, a trail, and in those cases, those are highly subsidized. And so the General Fund would tend to pay for those kind of services. Merit services are more of a shared community and individual benefit. Swim lessons, there's a benefit to the community to swim lessons, there's a benefit to the individual who learns how to swim. Same for youth or teen programs. There's a benefit to the community to have the youth or teen engaged in a positive environment. But there is also a benefit to the individual, and the family, for that teen to participate. Private services are those that really, the majority of the benefit is the individual in the class. If I take an Italian lesson, or want to gain a new skill that's really just for my personal benefit, no community value, we envision those types of classes having little or no subsidy and

should be borne by the user themselves. Just to give you a broad example, the cost recovery goals as a whole would be coming forward in the fees and charges. Aquatics merit 35%. You just had a presentation on aquatics and that was on our summer aquatics program. So the 41% cost recovery program for direct cost in aquatics is just for the summer program. But this is a broader goal. It also includes lap swim year round at Camden, it also includes lake Almaden swim. So on a broader basis we would see having a 30% -- excuse me 38% direct cost recovery. Because those other programs that I just mentioned such as lap swim are currently highly subsidized. We would come forward to the mayor and council with these goals on an annual basis because we know some areas should be changed pretty substantially. But not significantly overnight. And so we want to do things incrementally to bring them up to a realistic goal. You can see family camp is considered more of a private service, 90%. And then we gave you a few other examples here, as well. I should also mention our language, in terms of direct and indirect. Direct are those costs that really are totally subsidized, the program itself. So the instructor time, the materials to deliver the cost, those are direct costs. We have program indirect such as maintenance and utilities or field maintenance, things like that. And then we have departmental indirect, that would go all the way to covering part of Albert's cost and my self's cost. So those would be goals we would be evaluating. Of course we need to ensure that we have access to our programs through scholarships. And we really have some great programs in place right now. We have advisory groups, individual donors and grant funding. For example the Alum Rock advisory group is very active. They do an annual fundraising raising about \$35,000 and they're able to subsidize programs for youth. You could donate specifically that you want to give to that program and we've had donors like for \$2500. We have had great partnerships with Santa Clara health trust plan, gave us \$2500 last year to have their clients have lessons and stay active. We would continue to do those things and in addition to that we would dedicate some funding. And so we would see having a scholarship program that was a percentage of the revenues that we would bring in. We're recommending 3% of the fees, fees and charges classes, that we would use local, state and federal guidelines. And then it would be a budgeted item that could be reviewed on an annual basis. Revenue strategies and pricing. Perhaps a new term, created income. It's not all just about pricing. So we've been very good in terms of working with partners, and having sponsorships. We think we can even do more in that area. Also, wanted to talk about differential pricing. Differential pricing instead of just having one fee for our facilities that's set for the year, we would have more of an opportunity to have prime time, nonprime time rates. So Friday night, rental of a community center, a large community center room at one of our nicer facilities could have one rate, whereas Tuesday night could have a different rate. So different options. Different price points for our constituents. Group rates, such as recreation classes, or the happy hollow park and zoo, pricing by length of stay, the Lake Cunningham skate park is great for this. Think of a roller rink kind of environment. Right now we have one amount for the entire day but we could have sessions. Couple hour session you attend, one price, and then another session and it could even have different prices for different session based on demand. Pricing by amenity. We have some great brand-new facilities. And they should bear a market rate that's higher than some of our older facilities that don't have the same amenities and so having a different price based on amenities. Next slide. And so going to turn it over to Kate Crowder and she is going to go over some examples for you.

>> Hello. We wanted to provide specific examples that integrate some of the ideas that Julie had today. There is a community benefit to have youth engaged in activities and programs after school. And then there's an individual benefit to the child and to the parent, where the youth is involved in the form of supervision and they're also learning a new skill set and making new friends. So we're focusing on our after school recreation programs at nine of our school sites. They're offered Monday through Friday between 3:00 and 5:30. Currently the cost to participate is free. For year 1, we are looking at a tiered option to our customers. Right now based on the free cost it would be approximately \$140 per month for a youth to participate. Which equals \$35 per week, which also equals \$3 per hour. For the second year, two strategies we're going to be looking at evaluating our efficiencies of our homework centers through our current city-school collaborative. On the right you're going to see a graph that shows our current cost recovery percentage as zero. The fee is free. And with this new pricing strategy, it would bring it up to approximately 75%. I'm sorry, market data, yes. So in comparison to other programs, currently the YMCA charges approximately \$490 for an after school recreation program for a mop and there's a variety of other services that are available for after school recreation but we feel this is definitely within the lower tier of the price structures for current after school recreation programs. So the second pricing example gets into anti-graffiti. So anti-graffiti is obviously a core service inside the city but is a noncore service for our

department and is a merit service. There is definitely a community benefit to having graffiti removed throughout the city and there's also an individual benefit where we're removing graffiti and tagging on individual properties as well as businesses and so forth throughout the community. So the current price is free. And this is where we look at integrating some created income strategies, that Julie had mentioned earlier, for the first year currently we remove graffiti from utility company equipment like poles and utility boxes. And for a first-year strategy is developing a relationship with them where they can make a donation to us or give us an additional set of revenue to offset some of the costs that are incurred by us to remove it from their locations. And then a second year, year 2 strategy for us is to look at a service enhancement. So currently, all of the graffiti is removed by staff. And we also give free equipment to property owners so that they can remove the graffiti on their own. And for a service enhancement, we would offer an opportunity for staff to remove it from the private property, with a cost per square foot removal. But this would also -- they would also have the option to have it removed on their own, we would provide them the free equipment and materials needed. And the third example is, facility rentals. Facility rentals fall into two categories. There is private services and merit services. Some facility rentals that we have are things like weddings and birthday parties which are much more in the private services categories. We also rent our facilities to advisory groups, neighborhood associations, nonprofits where there's definitely a community impact and a community good from accessing our facilities. And currently, our structure for facility rentals is, we have user groups and they range from no charge up to \$150 per hour. And our year-1 strategy is looking at evaluating how we structure our fees, into something like a nonprime time rate versus a prime time rate. Julie had mentioned this earlier. A nonprime time rate could range from \$20 to \$125, depending upon the amenity, the location of the facility, and the user group. And prime time rates could range from \$60 to \$150 an hour, and this of course would be reflected of the user group and as well as the amenity. And then there would be an additional nonresident rate, as well. And the second and very important component of the facility rentals for us has been looking at a strategy to support our existing neighborhood associations, advisory groups, and SNI groups. When we went out to the community with our focus groups and our community meetings, they were very clear that they would like to see a method for us to support them in accessing our facilities at either free or minimal charge. So we will be developing a method where their volunteer time can be converted into a reduced rate or a free rate. So it's kinds of like a sweat equity or an in-kind equity. So for their hours of service can then get translated into reduced fee or free fee access to our facilities. And then for year 2 is really looking at evaluating our efficiencies. These are new strategies for us that have a variety of impacts to the community, so we'll need to consistently evaluate our progress, and to see if there is any changes in shift that we need to make as we move forward. Pass the next step over to Julie.

>> And so next steps. This is also an item that we would like to cross-reference to the mayor and council for full council review. The policy cost recovery goals would ultimately replace the 66-page section of the PRNS fees and charges resolution. And we would also anticipate, before making major changes, we would anticipate the first wave would be in the fall, providing an informational memo to the mayor and council with highlights of upcoming changes so you would be aware. In addition, we would want to have annual reporting on a calendar basis. The reason we do it on a calendar basis rather than fiscal, we look back to where we had successes and where we continue to need work, and pricing and revenue we would be able to provide you that information in advance of the next budget cycle. If we could do it in the calendar year we could give it to you in the spring and you would have it to inform your next budget cycle. That's the end of our presentation. We'd be glad to answer any questions.

>> Councilmember Campos: Are there any questions from my colleagues? I actually have one question. It's on the example that you gave regarding graffiti. And I understand the perspective you've coming from. But even though that I understand it, I would hope that, if the private companies, and we're talking about utility companies, aren't willing to partner with us, then we need to revisit this. Because having graffiti on some of these utility boxes, or freeways, it really doesn't set a certain standard for the City of San José. So let's just proceed with caution. I think it's important for us to review that one, I'm glad you're coming back in a year. Because everything else, I'm very supportive of, just a little weary about graffiti getting out of hand and people not really coming on board.

>> I should clarify that the current municipal code allows us to inform the utility companies that the utility pole has been tagged, and give them certain notice to remove that on their own. And then if they don't remove it, we could remove it for them and then send them a bill. But as a practice we haven't done that. We've removed it themselves. So we felt the first thing we should do is approach our partners and work out a relationship and we do have the municipal code as a backup should that not be successful.

>> Councilmember Campos: I would just put it all on the table.

>> Absolutely.

>> Councilmember Campos: All at the same time, so you don't have to go back, say, look, we're giving you a courtesy card, we haven't implemented this but with budget times, we're going to start but we'd like to be able to have a good relationship with you as we move forward. So with that, are there any other questions?

>> Councilmember Oliverio: Following on chair Campos question, if we're going to take a year to partner and go from there, I suggest giving them one aggregated bill, invoice. We painted out graffiti on X amount of 282 of your communications boxes. The charge would be this, it is zero. Going forward, it ain't going to happen anymore. Sorry for improper English. Motion to accept the report.

>> Councilmember Campos: Good point. I think graffiti is a touchy thing, across the City of San José. No one wants to see that in their neighborhoods and I think it's only going to get worse. Is there a second?

>> Councilmember Chu: Second.

>> Councilmember Campos: All in favor? That passes unanimously. Excuse me, I'm going to have to. I forgot there's a public comment. I apologize. I got so engaged in talking about graffiti that I completely forgot. I apologize. So please and if we have to re-take the vote then we'll do that.

>> And that's good, that's an important topic, especially in my area, I've had a lot of it, so I understand it. Mike faller. I'm vice chair of the parks commission. But today I'm here speaking on my own behalf. I want to first thank you for the opportunity to let me come and comment on this. This has already passed through parks commission and we looked at it and it's very good. And I want to commend staff working on this for many, many hours as well as tying it into the aquatics plan and the sports center plan and other things. Because I think they are the experts on how to make this all work. So I want to thank them again for that effort. There is one area though today I want to talk on a little bit and that is in the area of community groups, and what they mean to the community. When we look at weighting where we put the increased cost to recover this, to the levels that they need, is, I think, the town hall function of your community center is probably at the core of what should be done at the community center. And what I mean is, your community-based groups are the ones in the community that get things done, that bring, you know, the interests of the community to the table, to communicate back and forth with not only city government but others. And I think at that level that needs to be at the lowest price point and I believe at zero. In other words, community based organizations, bring up community issues, is a fundamental thing we need as a town hall activity. I think weighting that at the lowest level and I want to differentiate a 501(c)3 organization from a neighborhood group. The nonprofit status is great in a 501(c)3 and allows them to get grants through fundraising. But if a community group is basically nonprofit but has no mechanism, because they're not a corporation yet, and not a 501(c)3 so they can't raise money and they can't go out and get grants, so they are at the most impoverished state yet they are at the grass roots level. So I think that says something special about those kinds of organizations when we look at pricing and how to make this all work. And to come to the point of volunteerism and volunteer hours for this, I want you to know that Lisa Kilo who is the director of county parks and recreation just announced that in 2008, she received 40,000 volunteer hours. 40,000. And there are ways that may not be as comfortable for the city to make those volunteer hours to work for them like authorizing people to have a key in lieu of having to have an expensive person open up a community center for an organization that is one that is listed with the NDC and other areas within the community, you know, having that to offset the cost of having staff there at certain times. So those are some possible ways to look at, as well as hours in lieu of. So just in those pricing --

>> Councilmember Campos: Your time is up. So --

>> Thank you.

>> Councilmember Campos: Well, thank you. Do my colleagues want to re-take the vote and open up our -- I closed it, until we took the vote.

>> Councilmember Oliverio: Motion to accept the report.

>> Councilmember Chu: Thank you.

>> Councilmember Campos: All in favor, that passes unanimously. Thank you. Our last item, I believe Albert this is yours as well, schools/city collaborative.

>> Albert Balago: We have been working to establish the policy 0-30, to give you an idea how old the policy is. If you look, I think we have attached the last one to it. It's the very last page. And if you look at all the names of everybody who was involved in it, the only one still there is me. So this was done back in the '90s. It was -- its intent was to get us started in the first couple of years, to get this collaboration to

start working. It has been in place for a number of years. So the revision was based on getting it to identify the collaborative structure, and the basic context of engagement for us to be a collaboration. So it's very simple in nature. It should withstand -- my name may never be removed from this one. This one could go on for a very long time. And that was the intent of it. That we wouldn't have to keep revising its. Again, this work was done in conjunction with the school-city collaborative and school superintendents. Their group has approved this and forwarded it on to you for your consideration and approval.

>> Councilmember Campos: Are there any questions? So Albert, is there a reason why the mission is not -- the mission of the group is not -- the background is not in the front of the reason why?

>> There's no specific reason why we have it there. We have the mission like you identified on the second paged underneath the background. If we can move that forward.

>> Councilmember Campos: I think it might be great to put it at the front, if you can. I don't know if you can.

>> I don't know how that process works.

>> Councilmember Campos: If you were to have it printed, don't worry about it.

>> I guess we can check with the Clerk's office on that process. We are asking for a cross-reference to go to the council.

>> Councilmember Campos: With that, that would be my only change. With that if there are no other comments or questions, can we move --

>> Councilmember Oliverio: Move to accept the report.

>> Councilmember Chu: Second.

>> Councilmember Campos: All in favor, and we need to cross-reference as well. At this point, we had a lot to do today, and we got it done. At this time, if there's anyone that would like to address us, through the often forum, please do so at this point. If not, meeting adjourned. Thank you.