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>> Mayor Reed: Good morning, let's get the session started. The only thing on the morning session this morning is the labor update. City Manager.

>> City Manager Figone: Thank you, Mr. Mayor, you'll see the staff is not here. Because overnight we did not receive any other proposals, and so there is no update beyond what we informed you of yesterday.

>> Mayor Reed: Robert Sapien or Nancy Ostrowsky you want to speak?

>> Good morning mayor and council. Robert Sapien, San José firefighters. Did a little reflecting last night, after the study session or special meeting that occurred yesterday. And thought a lot about what the city had presented. Certainly a lot about the proposal that firefighters and police officers had put forward. And it's interesting. I did a little values check and I thought, what is the right thing to do for the citizens of San José? What is the right thing to do for the employees, and it's interesting how much effort went into attempting to discount the true cost savings that are contained in the proposal by police officers and firefighters and so little effort on trying to come to the best solution, the most risk-averse, the most legal, the proposal that achieves the cost savings that are necessary to put services back, and the employees back to work for the citizens of San José. I found it very interesting. I think we found the political lines between what is being proposed by the city, and what the dedicated employees of the city are willing to do. Certainly, over the last week and a half, with meetings with Cal PERS, with meetings with the city, I have been encouraged about the viability of our proposal. Going over and over what the potential cost savings are in our proposal, they are real. Despite the show that we saw yesterday. These are real cost savings. This is a real opportunity, a real chance for us to put this pension question behind us.

>> Mayor Reed: Sorry your time is up.

>> Thank you.

>> Mayor Reed: Nancy Ostrowsky.

>> Good morning, everyone. We have a letter that's been delivered to you early this morning. I hope you received it. But here it is: Your understanding of our proposal as presented by city administration yesterday may be influenced by these clarifications and we to the you should have as clear an understanding as possible. Prior to any deliberative process you may engage in. First, for all three tiers we have proposed to eliminate SRBR. And transfer the funds back into the Federated retirement fund. Second, we have proposed for tier 2 opt-in that the retirement age be increased to 60 years, and that it takes five years to vest. Third, we were asked by the city, we were asked by the city negotiators to cost-out any proposed retirement reform plan with 100% employee participation. It was your request. Incentives have not been proposed as explained at the bargaining table because we have not come to an agreement on the elements of the reforms. Plus, we don't know yet what it may take to incentivize members to opt-in. Known gains are just that. Our 10% pay cut must cut for something. Our actuary, and your actuary should continue to work together to finalize cost savings estimates and we are committed to working with the city bargaining the team to get answers about your proposals as well. Thank you.

>> Mayor Reed: Thank you, that concludes the labor update. We're going to adjourn into closed session. We'll be back here at 1:30.

>> Mayor Reed: (gavel strike) Good afternoon, I'd like to call to order the San José city council meeting to order for October 18th, 2011. Councilmember Rocha will introduce our group. Please come on down and set up. I guess you're already set up. Come on down and take your places.

>> Councilmember Rocha: Thank you mayor. Very excited to introduce this group. We have Leigh high school wind and ensemble. Director Suzi Royer has been with the school for four years, comprised nine through 12 graders, they did a performing tour in San Francisco they've received commend performances at the state festival every year, these are perfect scores and ratings, one of 12 England and Ireland. Thank you very much for being here. ∂∂ ∂∂ ∂∂

>> Mayor Reed: Thank you. Now we'll have the pledge of allegiance, please stand. [pledge of allegiance] Thank you Leigh high school and director, Suzi Royer. We'll give you a chance to get off the stage. First item of business is the orders of the day. I have a few changes from the printed agenda. 2 many 3 amount of and C, council committee reports to the October 25th afternoon session. Item 7, City Manager's trip to Portland, Oregon we'll drop. any other changes to the printed agenda order? Motion is to approve the orders as amended. All in favor, opposed, none opposed, that's approve. We will adjourn today's meeting in memory and honor of James T. Beall, senior, who has been known by many of us and we're blessed to have members of the family here today with us, and Councilmember Chu has some comments.

>> Councilmember Chu: Thank you mayor. It is with deep sadness that we learned about the passing of Jim Beall, senior on October 2nd, 2011. He was born in Cincinnati, Ohio, June 18th, 1923, and was the second son of captain Edwin and Grace Beall. Jim is survived by his wife of 62 years, Katherine. And ten children, 16 grandchildren, four great grandchildren and brother, Edwin. One of his sons, assembly member Jim Beall, former San José city council member has joined us to be here today in memory of his father we will ask him to say a few words, as well. Jim Beall senior who apples treated my family as part of his family, everything my son met up with him when he was an intern at dan, supervisor Jim Beall's Office. They became good friends and Jim was a very good husband, father, brother and friend to many. During World War II Jim served on active duty in Europe, on the 82 North Dakota airborne and as a paratrooper, he marched with the 82nd airborne victory parade in New

York. Jim was a long time resident in San José and worked as a title officer in Santa Clara County for over 50 years. He had a lifelong interest in history. And served on the board of the San José historical museum. Jim treasured his family and friends in the belief that kindness was the greatest legacy a man could leave behind. Jim always brought laughter and smiles with him wherever he went, especially when he give his time and energy to help and support our community. We have truly lost an inspiring man. And may his memory and legacy forever live on in our hearts and minds. Thank you.

>> Mayor Reed: Thank you, Councilmember Chu. Jim Beall assembly member is here. I'd like to ask him to say a few words.

>> Yes, I'd like to just first of all thank Councilmember Chu and the mayor and the councilmembers for their condolences to the family. My father was really a volunteer behind the scenes and did a lot of work in our community behind the scenes and I'd like to mention two things. My dad, when he worked in the title insurance business was an expert researcher, and actually researched I think it was 2800 homes and properties in San José to establish the first inventory of historical properties in San José. When that was created my da dad about the background research open all the properties. He also kept mentioning to me that the historical records of San José were missing. There was records when new City Hall on first street was built and the old City Hall downtown was torn down. And we finally found those records in a warehouse on Los Plumas street, with the help of Jim Daniels, who was City Manager Figone's superior for some time. And judge Mark Thomas, my dad and myself went out there and we discovered like 80 boxes of historical records that were just labeled, "old records." And we found inside those boxes in dusty, dusty, not -- just thrown in the boxes haphazardly records of the city that dated back to the Mexican period, and in Spanish. And they were extremely valuable history records, including I believe records of the California state government when San José was the capital of San José, there was some records of the state government in those boxes. So those boxes are now preserved in our city archives. So he did do a lot of history work, as well, in discovering the various sites of China towns in San José within our community and he had a lot of history experienced. So I'd like to thank the mayor for the condolences and Councilmember Chu, and Councilmember Rocha, I believe, for attending my parents' service, and thank you very much.

>> Mayor Reed: Thank you, Jim. Our next item of business is the closed session report. City Attorney.

>> City Attorney Doyle: The council met in closed session this morning, there's no report.

>> Mayor Reed: We'll now turn to the ceremonial items. I'd like to invite Councilmember Constant, and ING to join me at the podium . Today we're recognizing the week of October 16th through 22nd as national save for retirement week in the City of San José. Councilmember Constant has some of the details as people are gathering here.

>> Councilmember Constant: Thank you, mayor. Since 26, Congress approved resolutions designating the third week in October as national save for retirement week. This is a time that we take at all levels of government to pause for a moment and talk to people about the importance of saving for retirement. The hope is to increase personal financial literacy and raise public awareness of the retirement savings vehicles available to all workers. Especially now with longer life exptcies greater savings, planning ahead and starting to save early. Staskedz show that outside of employer sponsored plans employees ray \$25,000 in total investment. I'm proud to say that's not the case in the City of San José, our employees, through our deferred contribution plan, we have a very, very high participation rate. I don't remember the exact number, but I know it's up in the 65, 70% range. 73. We got the experts right behind me. 73% of our employees participate in that plan. So as I said this week is an opportunity for us to reflect upon personal finances and to consider whether financial goals for the future will be met upon retirement, especially in this economy we really have to be thinking about that, giving all workers their chance to increase to save for retirement with that mayor if you could present that to Mr. Jensen.

>> Thank you, Councilmember Constant, mayor, and other councilmembers. I'll just point out, thinking about yesterday's discussion of the council on retirement reform, that deferred compensation is something everyone can love. There's no defined contribution, no defined benefit, no contribution from the city. Employees manage their own investments so there's no need for everybody to figure out expected rate of return or any of the types of things that all of us are grappling with. So deferred compensation is really a program that is a great program for

our employees. We hope that those who may have not yet decided to become a part of it will decide that. Thank you for the time.

>> Mayor Reed: Thank you. .

>> Mayor Reed: Now I'd like to vice our District Attorney Jeff Rosen and our chief, Chris Moore, to join me at the podium as we recognize this coming week, October 16th through 22nd, be twefn as national protect your identity week in the City of San José.

>> Councilmember Constant: Thank you, mayor. We know that identity theft and related financial crimes are on the rise not only in our area but throughout the nation. Our city is committed to protecting our residents. In the United States we had 8.1 million people who were victims of identity theft just last year alone. Overall losses from identity theft and fraud were last year over 37 billion, that's with a B, billion dollars. The average consumer out of pocket cost due to identity theft increased to \$631 per incident, that's if you are lucky and you get one of the low ones and that's up 63% from just a couple of years before. We really think it's important again to continue to educate people not only here at City Hall but the general public about the dangers of identity theft and how to avoid becoming a victim. Of course we all know we should change our passwords and pin numbers regularly and be careful what information we disclose to who and when especially when you're online and of course we get a lot of attention on the digital or cybertheft, but we can't forget the good old piece of paper which many of us have stacks at home, old tax returns old pay setups old medical records with personal information on that. The best and only way to get rid of that is having it shredded where the informs on it is destroyed. Last year we had our first annual shred athon. This year we had nearly 100 residents take advantage of this opportunity and I encourage you all to buy a personal shredder or save it all up until next year because I'm sure we'll do it again. With that mayor if you could present this commendation or proclamation, to our police chief, and our District Attorney, Jeff Rosen, I don't know why I drew a blank. I know him.

>> Mayor Reed: Protecting his identity.

>> Just a few things to add for consumers, it is a serious problem as councilmember Pete Constant just said. For those who unfortunately have had their identity stolen or believed that it's been stolen, there are many useful government agencies and Websites and places to get help. But there's two that I would suggest in particular: The District Attorney's office has a consumer mediation unit, and if you simply call 408-299-7400 we have several individuals in our office that do nothing but help people whose identities have been stolen or compromised. There's also a terrific nonprofit association called the identity theft council. And it's an organization that works with all of the police chiefs in our county, as well as the D.A.'s office their phone number is 888-771-0767 or go to their Website, support@identitytheftcouncil.org. They will help you put your life back together if unfortunately your identity is stolen.

>> Mayor Reed: Now we take a photo.

>> Mayor Reed: Now I'd like to invite Councilmember Campos and Norma Rodriguez to join me at the podium. They were going to come in, San José elementary school for many, many years of dedication to the children of San José .

>> Councilmember Campos: Thank you, mayor. Good afternoon. Today I want to acknowledge an educator who I consider to be an extraordinary person, someone who knows the true value of education and its importance to our youth, our community and our future. Norma Rodriguez began her career as an elementary school teacher in the Alum Rock school district in 1993. She became an adjunct professor at if language and literacy coordinator at Alum Rock, an assistant principal of Lee matson middle school, before becoming principal at Anthony J. Dorsett school, and the principal of the new San Antonio middle school. Ms. Rod Rodriguez, Latino education conferences gender and science education colloquium in 2009, Ms. Rodriguez was awarded the association of California school administrators elementary principal of the year and most notably and recently she was also awarded in 2010 the national distinguished principal award, an award that is only given out to one person nationally, and she's our community, she's part of our community. Let's give her a round of applause.

>> Councilmember Campos: I am so proud to have her in my district but also to have her as an educator in the City of San José. Our kids are in great hands with nor nah Rodriguez. So I ask mayor Chuck Reed to provide this commendation to Mrs. Norma Rodriguez.

>> Wow! You know, it really, I like to thank assemblyman -- not assemblyman but councilmember Campos and mayor. This is a special recognition because nobody really thinks about being recognized for doing something that one truly loves to do. And so when I come to work I really don't feel that I'm coming to work. It is -- I just make my life commitment to make a difference on children and education. As an immigrant I came to this country when I was 14 years old. I know firsthand the needs of my community and I know firsthand the needs of my students and the students I serve in the heart of the Silicon Valley and the East side, where I proudly serve. We know that every parent and every culture and every language deserves and wants what's best for their children. We also know that education is the key and is a great equalizer. We need great leaders in education. Leadership matters. It matters now, more than ever, but shared leadership is a must. This recognition here is not just my doing. It really is a recognition that is deserved for all of the people that work with me, because it is a team effort indeed. We are experiencing a time of rapid change and innovation and our education system as a whole is struggling to serve all of the diverse students. We need to produce highly skilled and educated workforce. And so we must confront this challenge as an opportunity to prepare ourselves as educators so that we cannot only tackle the achievement gap but the equality gap and this basically the digital gap, the technology gap. In San Antonio, the Alum Rock school district which is at the heart of East San José we are imreation a new mindset and that new mindset is telling the teachers, we need to prepare our children for jobs that do not exist yet. This is a great, great challenge for us but agains this a challenge we cannot take on ourselves, this requires the leadership of all and one thing that we need to requirement, at stoonlt all of you are invited to come where we have embraced the new technology. Teachers are the ones that truly make a difference. Teacher leaders in front of the classroom who are in front of the kids day in and day out who really believe in the kids potential but who most importantly really takes the responsibility this huge responsibility for the 21st century for the Silicon Valley. Thank you very much for giving me this honor, and this recognition, it is truly an honor to serve the East side as an educator, thank you. [applause]

>> Mayor Reed: Thank you. Now Councilmember Herrera will join me along with the American cancer society, the Bay Area breast cancer network and former councilmember and former vice mayor Judy Chirco, appropriately attired in a purple shirt and a pink hat. I think there's a theme here!

>> Councilmember Herrera: So thank you mayor and I'm very pleased today to acknowledge former Vice Mayor Judy Chirco joining us today, Angie Carillo, marketing director of the American cancer society, a volunteer and relay for life participants Mary Keenan and Leslie tenbor, and Rosine Vasquez who is a director. We are recognizing today the month of October as breast cancer awareness month. You will notice that I'm wearing a pink rib borch as all of my colleagues are in solidarity. Judy Chirco, I am happy to have her here, I consider her a friend, a colleague and former Vice Mayor of San José, and as you know, a breast cancer survivor. She has not just stopped with surviving, she is a director of the American cancer association, where East patients concerns in our community. Judy's also participating in the American cancer society's Cambrian relay for life on October 20th, and she's going to have a few words to say. The American cancer society is a, 3 million did he catted volunteers helping individuals and their families fight cancer by providing them the resources they need. This organization raises money to find cures by hosting walks such as making strides against brings cancer and relay for life events in our communities. These events help celebrate the lives of elaine Dornig is the executive director and founding rosene Vasquez, the bay Area breast cancer network is a nonprofit organization founded locally by a group of breast cancer survivors in 1990, headquartered in San José. They work to increase awareness for breast cancer through education support and advocacy. During national breast cancer washes month we honor and those fighting to beat this disease. Breast cancer is the second leading cause of cancer deaths among women in the United States with over 200,000 women and claim this year alone. There are over 2.5 million breast cancer survivors. But still much work needs to be done to increase awareness of what Americans can do to prevent and control this disease. And with organizations like the American cancer society and Bay Area breast cancer network no one needs to face this illness alone. I've asked these organizations to join us to recognize their efforts in raising awareness in providing support programs for families facing this disease, and at this time I'm honored to invite Judy Chirco to say a few words and after Judy speaks Mayor Reed will present a proclamation to both the American cancer society and the Bay Area breast cancer network.

>> It's exciting to be here for this occasion on this side of the dais. I want to tell you about the shining candles and I brought my problem. In my breast cancer journey that turned my diagnosis of third stage cancer from a deep, dark cave to a dark tunnel, lit with flickering lights of support. Love, and shoulders to lean on, that lent me -- that led me and warmed my journey, through that long, dark tunnel of treatment, to the celebration of more birthdays. As I let off the opening of the Cambrian relay for life with this candle, it was the hundreds of walkers who joined the walk behind me, in memory of, in support of, in caring for those is whose lives were touched by cancer. It is a sister that, while on a family vacation in Disney world with their grandchild during my treatment, thinks of me in my struggle, and brings home the breast cancer awareness pink, in a hat with the Minnie mouse on it. Again showing me that indeed, lemons can turn into lemonade. It is the friends that give support, advice, coordinated meals and cancer sucks right here buttons from the cancer advocacy organization, and will even take your calls when they are out of state, visiting their grandson in Kansas, when you are struggling to hang on the knot at the end of your rope. It is individuals like Angie Carillo and the American Cancer Society or Elaine Dorneg, executive director of the Bay Area breast cancer network, the new Samaritan Cancer Foundation and so many more individuals and agencies that fight every day to raise funds, give support, and find cures, for this disease, that in some way teaches -- touches every one of us. It is in cities large and small that support comes out to join us in supporting cancer awareness campaigns as we all work for more birthdays for everyone. I am proud to wear this survivor tee shirt, tah-dah from the Cambrian relay for life. But as you just heard I certainly did not do anything alone. This is a journey that cannot be done alone and for that I am truly grateful. [applause]

>> Mayor Reed: Thank you, Judy.

>> Mayor Reed: Next item is the consent calendar. I have one request to speak. I'll take the testimony now. Mr. Wall. Councilmember Herrera.

>> Councilmember Herrera: 2.6.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: 2.2. If I could just ask the clerk to note my no vote. No need to pull it, thank you.

>> Mayor Reed: Mr. Wall. Your turn.

>> David Wall: I'm reporting on the Community and Economic Development meeting that's on our consent calendar for September 26th. This is a public record document that was generated part and parcel to the issue raised at this committee meeting and for some time this incubator business, and how it was handled and mishandled. I am not sympathetic, Mr. Mayor on how you choose councilmembers to sit on committees. I think that there needs to be a greater rotational sequence, especially with councilmembers traveling all over the world doing whatever they do and quorums not being had. But above all, all of you had a very -- with the exception of Councilmember Campos and Rocha, of course, you had -- you had a duty to pay attention to these incubators but you did not. Subsequently, in the latter days of the program, a councilmember decided to call for an audit which was within his prerogative, you know, I raise the issue you've been on a committee for four years all of a sudden you're raising an issue in the last waning days and stabbing your councilmembers in the back in the process and bringing down the newspaper and San José Mercury News has a problem because they pan deared to this councilmember and I find this to be grievous. I think taxpayers are ill served Mr. Mayor by your picking the same people to serve on the leadership of these committees instead of utilizing the diverse talent that's before me. There was an error I struck that out that was my own striking mr. Mayor, things have to change and I'm not sympathetic whatsoever at Community and Economic Development for not allocated, to that office of economic development I expect better. Thank you.

>> Mayor Reed: That concludes the public testimony on the consent calendar. We have item 2.6 that we'll discuss. Is there a motion on the balance? Motion on the balance, making note of Councilmember Rocha's no vote on commit 2.2, on the rest of it, all in favor, opposed? None opposed, with one no vote on 2.2. That's approved. Taking us back to item 2.6. Councilmember Herrera, that's the city council travel -- I'm sorry the report from council liaison to the retirement boards.

>> Councilmember Herrera: Thank you, mayor. I attended the Police and Fire retirement board meeting on October 6th, as a liaison alternate. And just would like to go over some of the things that happened at the meeting. This was a policy approved for the board's chairman consultant which would mean if outside groups such as the city were to ask for a costing out of the plan, we would have to pay for it. I think that's pretty obvious why that was done. There was an update of status concerning proposed benefit changes including negotiation for benefit changes for active members and retirees. There was a great deal of discussion about, if there is a ballot measure and that ballot measure passes what the board's responsibilities would be. They have been solicited to submit questions if they have to their board attorney, and they are trying to determine what their fiduciary responsibility would be in terms of if a plan recipient came and wanted to receive the old benefits, if in fact the charter had been changed. There was a discussion about duty versus duty to educate vs. advocacy and they were strictly advised that advocacy would not -- is not part of it and they should not be advocating and there's clear parameters in the difference between education and advocacy. Russell Crosby was not at the meeting but they are expecting him to be back in November addressing the roles of fiduciaries and risks. They talked about the FLSA still unresolved, talked about the delay of getting that resolved, talked about board pacts, being able to use iPods or other particularly the new members of the board who come from the investment community, are simple to use they talked about disability that that was an item on the agenda and they are looking at ways to reduce the amount of time spent on it, to improve their handling of it and so they have come one a reduced or a changed questionnaire. That they think is going to help them. Some of the board members were strongly objecting to the amount of time that it takes to go through the disabilities at the meetings. That meeting lasted about three and a half hours and probably over two hours of it was on disabilities, or more. So the members that are more recent to the board that have the expertise, the investment expertise are very concerned that there is very little time spent on investments. And they're worried about that and feel already we are not spending enough time on investments, they expressed that concern so they would like to see somehow this change and have the majorities of the time spent on that and less time on each individual disability case. And the final thing was that they are planning a retreat to discuss this. Many other issues. I suggested they definitely include someone on the city along on that retreat and they certainly said they would. I just mention one other thing. In terms of workers compensation. They wanted me to communicate to the council, that there are very great concerns about workers comp and they are concerned that people are not getting treated quickly enough and that's exacerbating the

number of disabilities. So they would like to have some communication with the city on that. That concludes my report.

>> Mayor Reed: Okay. Thank you. No action on that item. We'll -- that concludes the consent calendar items. We'll move to item 3.1. Report of the City Manager.

>> City Manager Figone: Mr. Mayor, I have no report today, thank you.

>> Mayor Reed: We'll take up 3.3, our 2011 annual report which is the wrapup of the fiscal year just ending June 30th. Take a minute for the staff to get into position and I'll turn it over to City Manager,.

>> City Manager Figone: Thank you mayor, I think I will turn it right to Jennifer Maguire our budget director to get us started on this very important presentation.

>> Jennifer Maguire: Good afternoon, Jennifer Maguire budget director. I'm pleased to present you with a brief overview of the City's 2010-2011 annual report. This document complies with the city charter and is the City Manager's vehicle for summarizing and analyzing the financial performance of the city for the preceding fiscal year. Throughout the report you will find a technical comparison of actual revenue collections as compared to actual expenditure levels in each budgeted fund and an explanation concerning material differences between these amounts. Each report budget adjustment for almost every city fund. I'm happy to say on an overall basis the city ended monitoring and management of our over 110 different city funds throughout the fiscal year. As the economy continued its slow recovery as forecasted the city did experience growth in some of the economically sensitive categories such as sales tax, transient occupancy tax the development fee programs and the taxes. Year in review 2010-2011 marked the ninth consecutive year of General Fund shortfalls and the city addressed its largest budget gap of adopted budget as well as eliminated 783 positions citywide or approximately 12% of the workforce. As the city council is painfully aware significant service reductions were implemented across the organization last year. Unfortunately, like previous years, due to our continued fiscal challenges additional General Fund rebalancing actions were necessary in 2010-2011. Last October, as part of the 2009-10

annual report actions the minimal amount of available fund balance of 3.6 million was used to address 2010-11 budget problems that came about shortly after the budget was adopted. You recall we had to decrease our property tax estimates and put more into our sick leave appropriation but we are able to improve our sales tax collection a little bit at that time. In February mid year budget review actions due to lower collections in several categories including our utility taxes our franchise fees our card room tax money and property revenue estimate and our uncertainty reserve at that time, transfers from other funds, reimbursements from the development fee programs, expenditure shifts and transfers. In June funding was moved among many departmental appropriations to prevent predicted year end budget over runs, primarily due to a lack of citywide vacancies and unbudgeted leave payouts. Despite all of these continued budget challenges however as a result of the city council's careful decisions during the year I'm proud to say the General Fund ended the year with a small positive fund balance and stayed on the same course as always staff will continue to monitor the City's current year budget and will bring forward necessary adjustments to stay in balance as part of the upcoming mid year budget review that was released at the end of January. Significant budget challenges faced over the last decade are unfortunately expected to continue over the next several years. As everyone totaling 115 million resulting in the elimination of another 440 positions and severe service reductions. As I reported to city council on September 20th as we prepare for next year another significant shortfall in the range of at least 78 to \$115 million is forecasted for 2012-2013. Absent the passage of several fiscal reform plan strategies that are currently being pursued a shortfall of this magnitude will result in nothing less than devastating service reductions to our community as there's simply no acceptable solutions left to our budget problems after ten years of budget cutting. As I mentioned on the previous slide the General Fund did end the year with a small General Fund balance. In fact the 137.3 million which was 16.3 million above the 121 million estimate used to develop the 11-12 adopted budget. Once you factor out the dollars that are owed back to our development fees program reserves and the true up of our rebudgeted and recommended in the annual report document, the variance was really at the 8.1 million level for 10-11 or .4% of the budget. After required adjustments the additional 8.1 million of fund balance was generated primarily from expenditure savings that totaled 9.1 million or .9% of the modified budget, the liquidation of prior year's \$200,000 above the estimate of 4.7 million however the savings were partially offset by lower revenues of 1.2 million which were .1% of the modified budget. I'm frequently asked what the General Fund any fund balance is comprised of and why we can't use the any fund balance resolved next year shortfall. This slide is my first

attempt in trying to explain the fund balance and how we look at it from a budgetary perspective. This is -- this slide has two points of view of the ten-11 General Fund any fund balance components with both charts totaling to the 137.3 million which was the actual fund balance reported at the end of 2010-11. On the left side of the slide the actual components of the 2010-11 fund balance outline as of point of time as of June 30th, 2011. The pie chart displays how the fund balance was arrived at after the 10-11 actual revenues and expenditures occurred. The largest piece of the pie was primarily includes the contingent reserve which was 29.3 million, the 12.9 million any fund balance reserve, 11.7 million in development fee reserves, 10 million in and the 5 million economic uncertainty reserve that we had at that time. The remaining 49 million reflects the net result of 56.2 million in expenditure savings that were slightly offset by \$7 million in lower than anticipated revenue collections. Now turning to the graph open the right-hand side of the slide which is entitled 2011-12 adopted budget balancing components, this slide outlines how the any fund balance was planned for and used as part of the 11-12 budget. The largest piece of this includes reestablishing several reference totaling 57.8 million which include reestablishing the contingent reserve as well as several earmarked reserve such as the workers compensation general liability catastrophic reserve. The second largest piece of the pie represents 38.7 million as funding actually used adopted shortfall of 115 million. This funding came from planned expenditure savings and additional revenues, that we counted up and we gathered throughout the year especially we put a lot of that money aside in our mid year budge review. The third largest piece totaling 24.5 million reflects the rebudgeting of funds to complete projects that had been previously proofed by the city council combined with a small number of technical adjustments. After all of these adjustments there's \$16.3 million of fund remaining two small pieces of the pie. Of the total 8.2 million represents the clean up actions that are associated with the reconciliation of the development fee programs and the true up of the rebudgets as I previously discussed, leaving us with an 8.1 million excess fund balance that is recommended to be allocated in this report. So a lot of -- lot of pieces of pies but it's important that we understand that as although at June 30th we had 132.2 million the majority of the fund balance was anticipated and planned for in the development of the 11-12 budget, with only 8.1 million remaining to be distributed as part of this report. The next slide shows the administration's recommended allocation of the small additional fund balance in the General Fund as well as other recommended 2011-12 adjustments. Starting again with that 16.3 million variance we are recommending cleanup actions totaling 8.14 million which brings that fund balance that we think is available to allocate of 8.12 million. The clean up actions come in two

forms. Development fee program reconciliations, the true up the cost with the expenditures for the planning building and Public Works fire and development fee programs and placing any extra money into the reserves for future use and the second is the rebudgets and other cleanup jawms to finish projects but also reflects technical budget adjustments to reflect preproovment reconciliation of grant awards true up of our card room regulation fees, reconciliation of revenues received for our card room fees and our energy efficiency fund. So very technical related adjustments following previous council direction. After the cleanup actions there are a number of recommended budget adjustments that will allocate the 8.1 available of fund balance as well as implement necessary 11-12 adjustments. These adjustments are broken down into two categories generate net additional funding of 4.6 million and urgent fiscal program needs which would utilize 1.1 million of the fund balance. I'm going to present much more detail on those two categories in the following slides. After these adjustments there is a balance of 11.6 million that is recommended to be allocated to the 2012-2013 future deficit reserve consistent with the city council's approval of the mayor's June budget message for fiscal year 11-12. This amount is slightly higher than the 10 million estimated to be available when I gave you that presentation on cement 20th. But it is definitely in the range of the world we're looking at for 12-13. As I mentioned on the previous slide there were several recommended technical rebalancing actions that will generate 4.6 million in net additional funding. As directed by the city council as part of their approval of the mayor's June budget message the first recommended item is the 11-12 retirement recommendation final actions approved as part of the 11-12 adopted budget. Based on the minimum annual required contribution to the two retirements fund a reconciliation and rebalancing of the floor payment among funds was required based on the final budget actions. This adjustment provided savings of 4.3 million to the General Fund and savings of 1.2 million in all other city funds as described in our report. Net upward revenue adjustments producing additional funding of 3.6 million are also recommended in the report including an increase to our sales tax estimates offset by reductions to property tax, commercial solid waste disposal facility tax and motor vehicle in lieu estimates to bring those revenues in line with our 11-12 projected levels. Also as directed by the city council was a 2011-2012 unemployment insurance reconciliation also generating additional funding of 1.6 million based on adopted budget actions, employee placement and layoff outcomes at the end of June. This action will appropriately align funding sources with expected unemployment claims payments. The fourth item is a set aside for a potential 2010-2011 additional annual required contribution payment of 4.4 million to the Federated retirement system. In 2010-11 the city fully paid the annual required

contribution or the ark to the federal retirement system as requested by the Federated retirement board. In September 2011 however the Department of Retirement services informed the administration that the city did not in fact fully fund the arc for 2010-11 and that the arc should have been paid using a 2.6 basis points higher contribution rate. The administration is analyzing this new information and will seek clarification for the Federated retirement board as to which contribution rate should have been used. In the event the board determines that the city should have used the higher rate as is now being indicated this additional funding will be said set aside to make that payment. For all funds it is an \$8.1 million additional payment of which \$4.4 million is in the General Fund. If it is determined that the additional payment is not necessary it would be the administration's recommendation that these funds be placed in the 2012-2013 future deficit reserve. The next category is our catch all miscellaneous line item that includes includes a transfer to the Police and Fire retirement fund for some SB 90 prior year payments, a transfer to the district 10 construction and conveyance tax fund for lalled high school sport parks, Recreation, and Neighborhood Services department for a living wage adjustment and a few other minor adjustments. Finally in this report are several net-zero adjustments to recognize new grants and reimbursement of fee activity that are necessary for 11-12. A limited number of adjustments totaling \$1.1 million or recommended in the annual report to address five urgent fiscal program needs. The first of which is additional fire minimum staffing overtime funding of \$760,000 that's recommended in this report. This additional funding will ensure that the fire department stays within its personal services appropriations by year under. Due higher than anticipated sworn absent rates through first two years of this fiscal year and department wide understanding the fire august were higher than budgeted but necessary in order to maintain acceptable fire service response times as part of the flexible brown-out plan that was described in the 11-12 adopted operating budget. A third safer grant funded when the training needs for the reinstatement of 49 firefighter positions associated with the SAFR grant was estimated it was assumed that two academies would be needed respectively and a third academy will be needed in in order for them to start next spring. There's increased funding of 102,000 recommended in this court to continue the horse mounted unit through February 2012. The friends of the horse mounted unit were fundraising for the unit and provided 35,500 towards operation in 2012. However the friends are no longer engaged in these fundraising efforts the administration is now exploring having the 102,000 to continue the horse mounted unit through the end of 2011-12. The police department will report on these efforts with an information memorandum in late November, determine whether this fundraising efforts are not successful this will leave the

department enough time to disband the unit by mid February. A habitat conservation plan earmarked reserve of 100,000 is recommended to be established. As the city council is currently discussing refinements to the draft habitat conservation plan which is elsewhere on the agenda today, if the council decides to proceed, prepare the 74thing documents to allow the army corps of engineers to issue a regional general permit for wetlands. If the city council chooses not to proceed with the plan, funding will be allocated to the 12-13 finally there's a net zero reallocation of \$120,000 from the comprehensive general plan update reserve to the citywide appropriation to provide funding for costs associated with community meetings and outreach work as well as transportation remitted activities that were inadvertently omitted during development of the 11-12 budget. For context to our budget situation, the next two slides will give you a recent pictures of our two largest General Fund revenues, property tax and sales tax. For each of these slides we simply went back to 2005 and 2006 and used that time as our baseline what we're recommendation our estimates look like for 11-12. Combined property tax and sales tax comprise about 45% of our General Fund revenue sources excluding fund balance and despite the fact that both sources are now growing we still have budget shortfalls am coops turning specifically to property tax after years of growth collections fell in both 2009, 2010, which was down four and a half% as well as 2010, 2011 which was down 4.3%. In 2011-12 property tax collections are now expected to resume small growth over the actual 2010-2011 collection level as adjusted for the collections in the annual report. We were very close with this revenue estimate, it was almost a \$200 million revenue estimate and we came within 100,000 by year end of actual collection. We are very proud of that. We stay in very close contact with the county on this estimate. growth resumed in 2011 showed growth that we were 8.6% after two years of declines had. In 2008-2009 we were down 14.5% and in 2009-2010 you we included in the annual report the 11-12 estimate of 143 million would reflect growth of 6.8% over the prior year collection level. This collection level would still fall far below the prerecession level of 149.5 million in 2007-2008, let alone the peak before our decade of shortfalls began. Moving on to the 2010-2011 performance of our selected special and capital funds. In the airport, the airport served 8.4 million passengers in 2010-11 which was an overall increase of 1.9% in fiscal year-over-year passenger activity. The operating funds finished with 12 million in additional fund balance that will better position the airport funds in 11-12 and in development of the 12-13 budget. In the transient occupancy tax fund, revenues of modified budget by 885 thoz,000 with revenues ending the year 5.1% above the prior year actual level. For the 14 largest hotels the average room rate increased from 117 to \$121 while the occupancy rate increased from 58.9% to actual

collections coming in above the modified estimate additional allocations to the rerecipient organizations are recommended in the end report a total of \$872,000 will be distributed to the following organizations, the convention and cultural affairs fund will get 436,000, the convention and visitors bureau will get would get another 218,000. In 2010-11, as a result of higher revenues and lower examination the convention and cultural affairs fund resulted in an ending blanks balance 11-12 adopted budget. Based on recommendations included in the end report, to recognize the transfer in of that additional T.O.T. revenue, the rebudget of \$696,000 in the center for performing arts improvements appropriation to complete an overhaul of the fire monitoring system at that facility, and allocation of sirks 00,000 associated with the efforts, and 450,000 to address any sudden and anticipated building repairs at the convention center or cultural facilities, the net funds balance increase would be 1.2 million to that fund. With the additional fund to provide a safety net during the convention center expansion and renovation project. Finally, in the low and moderate income housing fund, after we've reconciled the fund actual revenue collection and expenditures, 1.4 million below the estimate use to rks primary a result of not issuing 14 million in commercial paper proceeds which is partially offset 10.6 million. To offset the negative any fund balance the ending report recommends kings crossing housing project by 1.8 million and shumptd these costs to the with this adjustment the any fund balance will be 1.6 million which will better position the fund for any potential San José redevelopment impacts in the future. Moving into our construction and conveyance taxes which fund the parks, library, fire yards communication and dleks dropped 5% from the 9-10 level but remained above the '08-'09 collection level. A totals of 21.4 million received in year end in 10-11 compared to 22.5 million a year ago. Collections 05-distribution and have not even reached the 01-02 collection level of 26.three million. This is making it extremely challenging for our staff is doing the best use of those funds during our annual budget process. The next chart shows the two major revenue sources that primarily fund the traffic tax as you can see, both revenue sources experience strong gains in 2010-11 but remained employee the experience of those, was due to a spike in activity in December 2010 which is not considered sustainable as it was primarily related to two large development projects in North San José. In 11-12 activity is expected to return back to moderate levels with an \$eight million estimate for construction excise tax and construction tax and because this revenue is proved to be very volatile we will be closely monitoring this as always during the upcoming year. In the special and capital if I understand there are also a series of actions as noted in the report as explained in daytime by the document. For example we reconcile every single fund's balance to the CAFR, we are doing rebudgeted analysis,

net zero trueing up grants, doing those same retirement fund contributions on unemployment, insurance reconcilings and also setting aside that potential payment to the Federated retirement system based on project timing and establishing a limited number of new projects. In closing, as we move forward, the administration will continue to closely monitor the City's financial condition, this fiscal year, and will provide feedback through the bimonthly financial reports and the mid year budget review. Over the next several months work will be well under way on development of the 12-13 budget which will be our most challenging budget as yet. This will include the 12-13 preliminary forecast, the meeting in January, the past several years mid February and the development of the final five-year General Fund forecast that is issued late February. With that I will stop here for questions and we have staff available as well. Thank you.

>> Mayor Reed: Nawng, I'm sure we'll have a few questions. I had a few comments to start off with. First I wanted to congratulate our entire budget staff for the great performance they do when things are so volatile and so many things are changing. That we get the benefit of that by, we're talking about changes in the range of 1% here and there. And not having to make a gigantic changes in our budgets mid year or end year or annual report or anything else. And that's a result of really good work on our budget staff to keep everything within budget and along the lines even when revenues are very volatile. So congratulations and of course you've earned many national recognitions for the work that do you, but it pays off when we see the results like this. Not that we're necessarily happy about all the information and the direct, but it's been extremely accurate and in very professional. There was some good news in there, that I want to go back to, because some other people deserve some thanks. You talked about the building and structures construction cast and the construction excise tax collections. In the report we're talking about Roman numeral 3-13 and 3-24, you mentioned that revenues were up significantly due to permits pulled in December for two news housing developments in East San José. As of 94, let's see, in December there were 1100 building permits. Now we have 36 that have been fold in one importance of San José. I do see we'll see continued revenues there which is good but I want to thank our staff, which we call our revenue generation team. These projects would not have happened without the work that our staff did. That's across economic development staff, planning, building, City Attorney, I'm going to leave somebody out, Public Works, practically every department got involved and we were able to process the permits, get those done and issued paint and then have followed up with 3600 total permits. And in addition to the money we've already

received, of course, each of those projects will pay funds. There is about a built dollars worth of projects moving as a result of the work that we have done, so that will go into the redevelopment tax increment which will ultimately help our General Fund in the so-called water fall, if there is a water fall or just through the Redevelopment Agency's work if the agency survives what the State's trying to do. But that would not have happened if it had not been a really good bit of staff work a year ago. So what we do does have an impact and I would want our staff to be recognized for the work that they do. It doesn't help us, it's nice to have some good news and I appreciate that. Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you. I'd like to share the mayor's congratulatory words to our staff. Thanks for the good work. It's nice to see that we do have some savings at the end of the year, although not substantial but it's still critically important. I wanted to ask staff for that. I'd like to move a motion on the floor. I'd like to move the mayor's memo, October 13th, 2011.

>> Mayor Reed: We have a motion on the floor. Thank you. And just briefly, this lake Cunningham skate park, I wanted to thank him for his riparian, I think it's important to continue to have representation at the national league of California cities can conferences. Some not to be able to attend these meetings because we don't have the spending for these councilmembers to support these meetings. I'm sure Councilmember Herrera would like to say something about lake Cunningham park which I'm not going to go into, and then finally in regards to the COPS grant, I want to thank Chief Moore and the San José police department for your expeditious efforts to solve crimes, nobody wants to live in unsafe city but I think that with the limited resources and funding that the police department has during this time, they are doing tremendous excellent work so I just wanted to take this time to commend him and his officer, thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. I wanted to continue the thanks to Jennifer and her whole team, as well as all the other supporting members in the city. But particularly you and your team. Because I don't know how you do it, but I was looking at some of the variations, and I couldn't believe how low they are. I

highlighted all the ones that were 1% or below and it's most of them. And that's usually like just throwing a dart in the dark for most of us. But you seem to really have it done well, and it's been that close almost every year, not just this year. So I know it was in leer but I couldn't find it. What's the overall percentage of ending fund balance we're off by, it was he less than half of the a percent right?

>> Jennifer Maguire: .4%.

>> Councilmember Constant: Out of these hundreds of millions --

>> Jennifer Maguire: 2 billion of it's the most nefers part of my end report is it's hard to control those elements but pleased we would bring you that news, thank you.

>> Councilmember Constant: It's nice not to once look at a pie in these presences that doesn't give us heartburn. It's nice to see sun of the graham work. Thanks.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: It is incredible, less than 1%. Very amazing. If we contrast that, if you hadn't been able to be that accurate we would have had a lot more issues to dole with. It's great that you're able to do it. I'm really glad we're leading the team on in. I just want stowed thank the mayor for his part in this I want to thank my colleagues up here, most everybody contributed I are appreciate it and I appreciate the mayor's support. I think as we go forward there's a lots of enthusiastic out here to wok on this skate park. But I think this is just emblem attic what we lake Cunningham will hopefully become successful and we can replicate that all across the city. And I'll be supporting the motion.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you. Jennifer I was wondering if you could go to the pie chart and while you're doing that, particularly the property tax number if it isn't for the time and energy you would put behind it, it looks like we won the lottery, but if I was doing it it would be like winning the lottery anyway looking at the pie charts in the 2011-12, the earmarked contingency reserves, what is an example of how those are earmarked?

>> The contingent reserve is the 29.98 beers minimum ever expirnlisz of council policy that we have said aside. It is the same 29 in.3 million that we carry forward, in case we had a catastrophic injury in the city, last resort --

>> Councilmember Kalra: Is it something you hope you never had to?

>> Jennifer Maguire: That's right. I every year review that number and we're on a low end compared to other major cities, you know if we ever get ourselves in a position where we could put more money in, I would, the earmarked reserves are reserves which at the lowest level they've been in add least a decade balks I shot that on September 20th. They are reserves that would be ones that the city council has earmarked to be for a particular purpose. For example would be the workers compensation general liability cat sphrosk reserve, used to be 15 mill, major claim gouges if city that would be our go-to plot that we would go to, to apply that claim. We have had snf monetize to could to work for the, reserves, which is the excess funding that comes from each year of keeping our seed program intact where the development community that pays their fees, if we have extra revenue or expenditure savings to deliver that program we set that money aside for any work in progress and we often pull down that reserve as we need to ramp up and pay additional staff to bring staff back which we have been doing lately because they are moving in a positive direction compared to a couple of years ago. That's where earmarked reserve once used to be the economic uncertainty reserve which is an example. It now sits at zero we didn't have that for 11-12 but it would have been on the fund balance on the actual where it says uncompensated funds reserved where we cashed it in in a budget balancing strategy.

>> Councilmember Kalra: Thanks, that's hem. Unemployment arc underpaid by 2.6 points is that right and that's about 4.4 million?

>> Jennifer Maguire: 8. 4.4 on the General Fund.

>> Councilmember Kalra: Exactly on the General Fund, is that an all or nothing proposition, where we're either all right or all wrong or is it a numbers game where it's a different calculation where it's a potential that a portion of it may have to go? You understand my point? They're claiming that that's owed, we're saying it's not but we're looking at it right now.

>> Jennifer Maguire: We aren't clear if it's old or not because we pride ourselves in paying our arc every year and we presented a bill we prepay our retirement every year we prepaid it. But there seems to be some confusion related to what rate was supposed to be used and what the payment should have been and we did not receive an additional bill until just this September. And so Alex Gurza is going back to the retirement boards seeking clarification, should we have paid that higher amount or should we have not? So I think it may be an all or nothing and just get a technical explanation from the retirement board, and have their determination. If we have to pay it, the money is set aside. If it doesn't the money goes to the future defendant reserve.

>> Councilmember Kalra: We vent gotten to the point where we actually know it yet, we're investigating with retirement.

>> Jennifer Maguire: We have sent a letter off to investigate it as soon as possible.

>> Councilmember Kalra: I know the mayor has been here a little longer than I have, this is my third year going through this, it is all perspective, this is definitely the best year I've seen so far in the three years I've been here so I'm hopeful it will continue on this positive arc up ward. a lot of the work the staff's done in expediting permitting for job growth I know with my district the industrial park district, this calendar year, has seen more job growth in the last two years combined. That is something obviously the main driver that is the economy, and the willingness for folks to invest but I think that the fact that we're creating the jobs here is a testament to our staff and to the ability for us to be able to market our city as the place for these companies to come into and grow. I'm hopeful given the team that we have and the setup we have that we'll continue the job growth and revenue growth and as

far as the sales tax numbers and property tax we all know will continue to go sluggishly, why hope it will go a little admonishing sales tax I also feel somewhat hopeful even given some of the data that I've been reading about and some of the surveying done, it looks like people for the first time in a few years are ready to start spending again, hopefully that will be reflective in the sales tax revenues as well.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. May I also add to the praises, looking better so thank you so much for that. I just had a couple of questions, one of them had to do with the mounted unit. I don't know how many horses and how many riders involved, do you happen to know? I could get that offline if you would prefer.

>> Jennifer Maguire: Chief Moore will come down and answer that question.

>> Councilmember Pyle: And then in reference to that too the SAFR grant will take care of how many firefighters? I think I need you both.

>> Councilmember Pyle, Willy McDonald. The SAFR grant academy is for 13 to 17 firefighters. That's not actually for the firefighters that's for the staff to train them.

>> Councilmember Pyle: Okay, all right. So kind of gets you where you need to be as far as safety, that does make -- it does help.

>> Yes.

>> Councilmember Pyle: Slum and then chief. Chief Moore.

>> Hi, Councilmember Pyle. Mayor Reed, members of the quoinl, Chris Moore chief. In last year's budget we basically had eliminated the horse mounted unit and the idea was that the friends of the horse mounted unit had

committed to fundraising enough to commit to this next fiscal year. Although they raised some funds we were -- they had quit fundraising and therefore we were faced with the decision of whether we were going to just go ahead and shut it down which does take a little bit of time and does take some funds and in conversation with the managers office specifically Jennifer the idea was to approach the police foundation, who by the way had contributed most of that investment through the friends of the horse mounted unit, split the cost between the city and the department. That's with the 102,000 that they would agree to fund raise for and that we would come up with another 102 to get us through the end of the current fiscal year. I remind everybody that just gets us through the end of the current fiscal year. And I think realistically what we're facing we might have some difficulty to follow through with it. It's one full time personnel that sits with the horses and the rest of them are done with on duty personnel who ride on the weekends in particular. It does work. I had my doubts whether that's a functioning hooter mounted unit but I'm riders that normally work patrol during the week and then we can redeploy them on the weekend actually does work. I'm very much in support of this shared arrangement if we can continue it for the current year although we're going to look and see what happens in the future year.

>> Councilmember Pyle: It is amazing to have the city of over -- well a million people and no horse mounted unit I think it's absolutelyism pair tiff. Thank you for your information. And I also wanted to ask from the attorney's office or anyone that wants to talk to me about it, are there any other delinquent accounts that we can go after?

>> City Attorney Doyle: I don't know. We work with finance department to the extent that accounts get sizable enough we take collection actions. Otherwise finance does most of them. Some of them are small enough here comes Julia and she probably has more information.

>> Councilmember Pyle: Thank you.

>> Julia Cooper acting director of finance. We do have an active accounts receivable under that more utilize our contracting with our collection agencies as well. So it's an active part of our revenue strategy.

>> Councilmember Pyle: And do you have any idea what might be the end result?

>> I would have to refer back to our quarterly report and I can get you a link on that but we do report quarterly to the Public Safety, Finance and Strategic Support committee on our collection efforts and so our next quarterly report is scheduled for November.

>> Councilmember Pyle: Great thank you, appreciate that. And then in reference to you mentioned future concerns with the global market and economic growth and high unemployment rates, how do you stay on top of all that? What is our method of being informed?

>> Jennifer Maguire: We have a consulting economist we work with our economic development group, our office with Kim Walesh's group. We also subscribe to the UCLA Anderson forecast as well as talk to a lot of people. Stay up with any news we can possibly do, it's very challenging and but we are doing our best and so -- a key is to revise quickly what the council always does as we get new news, good or bad.

>> Councilmember Pyle: In revenues to that, as well, I don't know how often we translate our future prospects and turn it into some actions or some calls from either Washington and/or the state to help -- to encourage legislation to turn around some of the problems that are out there. For example, we were supposed to get out of Afghanistan, by the end of the year and now we're hearing oh, it doesn't look like that's going to happen. So I just -- that's something that I would be interested in doing. Because that has really drained from all of us. And so I would be more than happy to take a look at that. So thank you very much, I appreciate your answers and all your good work.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. I wanted to echo the praise, Jennifer, for you and your office particularly in our ability to find money for three additional officers for that COPS grant. I think that's fantastic, getting that grant money in the door and really thank the chief and his team for doing an extraordinary job. As we all know the police are severely understaffed right now and doing a really extraordinary job in solving very difficult

high profile murder cases right now and today's announcement was certainly just one of many example of great works our department is doing. I also want to echo some praise for Councilmember Herrera, and Paul Murphy and the other parents who got together to help save the Lake Cunningham skate park program and we certainly hope with this bridge money we'll be able to get to a sustainable footing there and keep that running because we know that's a great treasure in our city and it's wonderful to see that come together. Certainly grateful for her leadership. I wanted to also point out a real bright spot in all this, that hasn't been mentioned, Bill Sherry's leadership over at Team San José. I think you made mention of it, 2.6 million variance that's something I thought we'd never see what a pleasant surprise, I know some of that came often the backs of having to reduce costs through some very unpleasant decisions around cuts but I think we're finally seeing T.O.T. balance back again and revenues are increasing there and hopefully they'll be able to hire again as well. I had two questions though as we look at some of the decisions we've had to make. One is a follow up to Councilmember Kalra's question. Have we ever seen in the past a situation where we've had one arc rate given to us, essentially a bill given to us, at the beginning of the fiscal year and then a few months later a separate bill? I'm trying to understand why the change.

>> Jennifer Maguire: That's what we're trying to seek clarification on. In my experience, this has never happened in my -- we do true ups, we do a true up payment for our prepayment, because of depending on the level of staffing but no I've not had this experience where we've gotten a second potential bill so that's exactly why we're looking into it. Alex Gurza, if you would like to add to that.

>> Alex Gurza: Yes good afternoon, Alex Gurza deputy City Manager. It is somewhat of an unusual situation in a complex matter that we've asked to go back to the retirement board to seek clarification. It had to do when the board phased a reduction of the earnings assumption. And so we have asked for a clarification and again, unclear as to whether or not at the time that the change was made, that the board intended to bill us a certain amount versus another. So we're hoping that by going back and having the discussion that we better understand what the board's intention was.

>> Councilmember Liccardo: As I understand it they 7.75% and what we got in the second bill was a bill for what we'd be paying at 7.75 were the assumed rate today. Is that fair?

>> Alex Gurza: Well, what happened was the Federated board was using a discount rate of 8.25.

>> Councilmember Liccardo: Right.

>> Alex Gurza: And the board stied to phase it do down to 7.75. The issue was to whether or not they intended to go immediately to 7.75 but yet the city pay, pay the amount in steps. So in other words, versus what I think the city administration, the city believed was that the phase-in was going to happen by incrementally going down to 7.75. But the actuary at the time we understood immediately went down to 7.75. But the bill was not presented to the city at that point to pay that full amount. So what the issue is, is it creates what's called a net pension obligation. And so again, we hope that by going back and seeking clarification, because the board later ended up changing it to more a step-down phase approached. And so again we're hopeful that we'll obtain clarification.

>> Mayor Reed: City Manager has clarification.

>> City Manager Figone: Just so I understand, this is on the prepayment amount or --

>> Alex Gurza: It's on the full amount that was due for that particular year that we want to seek clarification as to whether or not we should have paid a higher amount. Because if we hadn't paid it or don't pay it it creates that net pension obligation that the city has to carry on its books as I mention so it's the entire year's annual required contribution.

>> Councilmember Liccardo: Okay, thank you. I just had one additional question on a different subject but actually I wanted to ask the City Manager if she wanted to follow up on that.

>> City Manager Figone: No, that's fine, I thought that was an important clarification.

>> Councilmember Liccardo: Agreed on that. I see that the development fee reserves now are being restored, and I know Joe's going to start throwing something at me if I talk about how we're going to spend that money but I had a question for Rick about that fund. Because I know that we've got challenging restrictions under prop 218 about how we can use that money. And we're about to discuss our economic development strategy work plan and our priorities and so forth. And wouldn't it be nice to go out to the business communities as we're going to try to attract companies tenant improvement permits done and you know 14 day turn around if you come to San José. Are we allowed to use that reserve to make those kinds of commitments to staff up to be able to give special handling to really create jobs in the city or does prop 218 so confine us that we're not able to spend the money on staffing on other projects?

>> Joe Horwedel: Yes and yes.

>> City Attorney Doyle: Maybe.

>> Joe Horwedel: Yes those reserves we do need to spend for delivering services to our customers and we do kind of roll that into a big budget just like the General Fund. Essentially a development services General Fund. So we do have a little bit of flexibility how we use those dollars but they do have to be spent serving our customers. I think the challenge piece and this is something we'll talk about when the economic development strategy item comes up, is staffing up, in anticipation of workload. And if that workload doesn't come, then I have staff that theoretically is there without work. And I've got to still pay for them and I can only use developer dollars to do that. So it's one that we try to keep ourselves matched up with it. We have done a little bit, we got some General Fund money a year ago, to allow us essentially as an insurance policy to staff up heavier. So that's one of the ways that we've done that so that if we have empty seats we don't have the guy up the water heater pay for the big developer we're trying to entice. But we can talk some more about that.

>> City Attorney Doyle: Councilmember, if I can help out with that.

>> Councilmember Liccardo: Sure.

>> City Attorney Doyle: The restriction is the developer fees have to be used in a way that you can't pay more for the service you seek.

>> Councilmember Liccardo: Understood.

>> City Attorney Doyle: And that's really the basic concept of any fees. That being said we approach these fees on a programmatic basis often and there is some flexibility but I think it's something we need to explore as to how those fees are going to be used. Are they used to support the program to the extent you're charging some person more, and it's benefiting somebody else, that's where it gets into a prop 218 issue. Right?

>> Councilmember Liccardo: Okay, thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. Let me echo my colleague, thank you to staff for this, I'll echo especially Councilmember Pyle comments. Very easy to read, thank you very much. I do have a question about the letter that was sent to the retirement board asking for clarification and I was curious if that could be distributed to council.

>> City Manager Figone: Yes, yes, of course.

>> Jennifer Maguire: We'll get that out to you.

>> Councilmember Rocha: General one helpful information and two trying to understand the nature or the tone of that request. There's two different approaches of course. Sure, tell us what that is, we'll send you a check today. Or two, we have a different opinion, can you put a little more work on this or God forbid, slide it for next

year and there might be some opportunity for us to retain some dollars for other city services . The slide where you made a statement about 143 million being well plow the \$149 million, did I read that correctly? It was a graph that had -- sorry I didn't write down the number.

>> Jennifer Maguire: I think you were referring to the sales tax graph.

>> Councilmember Rocha: Thinking of that one.

>> Jennifer Maguire: Yeah I was referring to the 10-11, 133 being below the 149 and nd overall our sales tax being below our peak collections. The highest we've received is \$169 million and we are hoping for 143. We are in a positive trend now in sale tax which I'm glad to see, I don't want to see any negatives in my career.

>> Councilmember Rocha: The phrase well below 149 million, in your world I'm assuming that difference is well below. If that's not the case can you explain why that is such a large difference in your mind?

>> Jennifer Maguire: I think what my comments were looking at it can is I said we would still fall below the prerecession level of 149.5 but below the peak collection, I apologize for that.

>> Councilmember Rocha: No, that's okay, then I must have misheard you. Thank you. This annual report, I know and I understand that there's no report here in terms of our investments. Separate, different report. When does that report come out?

>> Jennifer Maguire: I'll ask Julia Cooper.

>> Councilmember Rocha: If it's been out since I've been on council forgive me, trying to pick my brain and remember. And follow up to that is there any crossover between these funds and those funds?

>> Julia Cooper acting director of finance. The finance department produces a quarterly investment report that is posted to our Website and distributed to the Public Safety, Finance and Strategic Support committee, so we've provided the report ending June 30, in September. And so we have another report coming up in November for the period ending September 30.

>> Councilmember Rocha: Do you have an annual report where you do it a little more extensively, than.

>> I really need to get on these committees, hypothetical hint hint.

>> I'll provide you with a link.

>> Councilmember Rocha: I know in some of the investment account there's some funds that are developer fees that we're holding over.

>> Yes, the city invests all the money in a big investment pool and then we account for it separately in terms of allocating interest to the entire pool. We don't do investments on a fund by fund basis, we put it all together and do cash flow projections on when the cash is needed.

>> Councilmember Rocha: These are knowel a report --

>> They are.

>> Councilmember Rocha: Thank you very much. Dch Julia wouldn't the CAFR have a accounting of the investments?

>> The CAFR would have an accounting at the year end.

>> Councilmember Rocha: Thank you very much.

>> You're welcome.

>> Councilmember Rocha: Regarding the fund balance that was above and the dollars there, I'm sure there was discuss in the financial department and the City Manager's office about where those dollars were going to go. I'm curious whether there was any discussion about those dollars going elsewhere and if there was what was that discussion? Because when we're holding press conference best increased violence in our community and public safety concerns and I'm sure we're all hearing it from our residents, was there any consideration of using those dollars for public safety, whether it be additional officers or the gang task force program? Generally was there any conversation about this?

>> Jennifer Maguire: Councilmember Rocha, no there was not because we had specific direction through the council approval of the mayor's June budget message to put any extra fund balance that would come out towards the -- to as a down payment towards our 12-13 deficit. So that's the direction that we took this report in.

>> Councilmember Rocha: And that direction was June?

>> Jennifer Maguire: It was in June.

>> Councilmember Rocha: And given since June I'll go back and I'm not looking to get on a soapbox here but we've had violence in our community, significant violence. Whether or not we adopted something back in June in my mind there should at lease be a discussion, a discussion about what we should be doing in order to be nimble and address any issues that are affecting our city.

>> Jennifer Maguire: And this certainly is the forum for the city council if they want to take this additional fund balance in a different direction. That is -- and not go with our recommendation including this report, this is certainly where you can set that policy direction and direct us to do something different with it. The concern is on

the police officers, hiring the police, we are going to hire the three for the COPS grant which why were very pleased to be able to do in this report. The concern is given where our fiscal situation is going and the need to --

>> Councilmember Rocha: What we'll have to do next year.

>> Jennifer Maguire: What we'll have to do next year ramping up and spending all the additional money for training, then furnishing around and laying off other police officers is something to have to keep in mind. It is hard for us to be in in right now.

>> Councilmember Rocha: I agree may I encourage the mayor and City Manager to at least have that discussion, I'm sure you were planning on it but I at least have to say it out loud. Thank you.

>> Mayor Reed: I think that's the end of council questions and comments on this. I have no public comment on this. The City Manager has some brief remarks.

>> City Manager Figone: I appreciate the council's praise of the staff, I thank Jennifer and the team, I have the pleasure of working with them day in and day out and department heads as you noted, important part of why we even have an excess is because of the underexpenditures that we ended up realizing year end and that's really to the great credit of our department heads and management team for managing with really great care. And so I want to thank them all for their contributions to this status.

>> Mayor Reed: We have a motion to approve the report and the direction to the memorandum. All in favor? Opposed? None opposed, that's approved. Completes item 3.3. But we have follow-on work related to this item, 3.4 which is adoption of ordinance ratifying final expenditures and various appropriations, et cetera. Any further staff report on this implementation piece? We have a motion to approve item 3.4. All in favor, opposed, none opposed, that's approved. Our next item is 3.5 an ordinance amending chapters 1204 and 1206 of the San José municipal code regarding municipal campaigns. This is a series of things have come to us from a variety of

places like the elections commission and the federal courts, among other things I think we'll have a staff presentation. Just here for questions?

>> City Attorney Doyle: We can present or we're here for questions. We did need direction on one point. You did receive a flexible memo from our office. The delayed contributions report, we had put in that you would need to provide or file contributions aggregating \$500 or more from a single source in the 16 days before an election. Theoretically someone could write a check for \$499 and they wouldn't have to be reported at that time. This is something that's open, you know we note that state law has a \$1,000 or more threshold but the council could lower that threshold. It's really for you to give us direction. The number we've put in the ordinance is 500, certainly anything from zero to 500 is okay.

>> Mayor Reed: Thank you. This comes up because of the requirement to eliminate the black-out period preceding, 17 days preceding the election, and the elimination of any special reporting other than the late reporting. So that's why we have the late report issue in front of us, it's different from what we've previously done. So I would certainly think we need to bring the level down enough so that reports get filed, probably down to \$250, so that campaigns are filing a late report so people can track the contributions, the whole reason that we have to change our current system is because now, with technology and the ease of reporting people can report electronically, people can find out electronically, and they don't need to have us cut off the fundraising and file a report for people to get the information. But we still need to get the information. So I think pegging it at \$250 is probably a reasonable amount, that doesn't do any harm here. Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. I have one question for the City Clerk. Can you get me the idea of how many people are reporting online versus paper?

>> Dennis Hawkins: Thank you, councilmember. We have a requirement for online filing, and I would -- I haven't done any calculation for 2010 but I do know that we had several candidates, particularly smaller candidates, that did not report electronically. So in the 2012 election we will move forward and enforce the requirement for electronic filing. So we didn't have 100% compliance in 2010 but we're moving that direction for 2012.

>> Councilmember Rocha: Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I'd like to make a motion to approve the recommended revisions and I agree with the mayor's suggestion, \$250 seems a correct number to set for defining late contribution. That would be the motion.

>> Mayor Reed: We have a motion on the floor. Councilmember Kalra.

>> Councilmember Kalra: I was going to suggest 100 only because 500 is the maximum. I'm okay with 220 but if there was a consensus for \$100 I think that would be more appropriate.

>> Mayor Reed: All right. This is an item because it's a change in the ethics provision of our code requires a two-thirds vote just so everybody will know. I think it's noticed that way in the agenda. We have a motion, I have no cards, correct? No public testimony on this. Motion to approve? All in favor, opposed, none opposed, we got the two-thirds so those changes are approved. And I thank the staff for a lot of technical work on here trying to keep us moving in the right direction with lots of different court cases and things that are happening. We're going to skip over item 3.6 because it's scheduled to be heard not earlier than 3:30 and it's not yet 3:30. Item 4.1, an ordinance to codify the City's development agreement regulations. We have had a development agreement ordinance but it's never been codified. We have a motion to approve. I'd like to ask the maker of the motion if that includes the memorandum I put out regarding a change to one section.

>> Councilmember Constant: Yes, it did.

>> Mayor Reed: Okay, includes the motion. And any other questions or comments on this one? All in favor? Opposed? None opposed, that's approved. Want to thank the staff for getting this done quickly after we

decided we need to codify it we moved right ahead. Hopefully we're going to have a lot of people taking us up on this but that would mean some major projects we're moving that we can hope. Item 4.2, our economic strategy, 18 month work plan. We have our economic development staff, planning staff are going to come down and we got into this a little bit earlier as we were talking about the revenues that have come out of some of the work that our staff has done. I think it's worthy of just stopping to acknowledge those revenues again, and the jobs that have been created as a result of our economic development efforts. Because we're fortunate here that even in the midst of a lot of difficulty nationally we do have net job growth, jobs are ugh being added in the valley and in San José in particular. And many of those are directly result of work that our staff has done as part of our economic development strategy and work that our councilmembers have done to get engaged supporting the staff, just like to remind you of some of the names that many of whom have been through this council, council meetings where we've had retentions and recruitment and expansion efforts that have been really important. Companies like maks um mono lettic power shocking technology stie on, and exact and many of those are companies that we have both kept and grown and some that we've attracted. But that's all as a result of a lot of staff work. Is I think we can be proud of our comploirmts but it's also a time when things are happening. There were 4 million square feet of space that moved in Silicon Valley and we got 20% which seems like lot but it's only 20%. We want it all of course. Knowing we'll never get all but there are opportunities and this is a particular moment I think when we have to be prepared for those opportunities, as they say when opportunity knocks you have to be prepared to take advantage of it. And so our teams that move at the speed of business, our teams that do special tenant improvements, to fill up the 15 to 20 million square feet of empty space, are really important. And now more than ever because companies are growing, expanding and moving and if we miss this window we will have missed a lot of opportunities. But it's not just you know in the development area that our staff has done a good job. And -- because we have our airport competitiveness plan that we've been working on that is beginning to show positive results. We've got our convention center under renovation. I guess they're still taking the building down. I haven't been down there a couple of days. About to open the San Pedro urban market which is one of the only developments downtown for a long time. I think it's going to be very exciting. We have new housing projects in downtown that we've talked about earlier, and we are finally bringing to conclusion our 2040 general plan update. A lot of work has been done but I think it's important to focus our efforts particularly in the next few months on job creation, revenue opportunities that are here in the value and that's why I recommended that we

establish our highest priorities. It's not that other things aren't important but not everything can be the most important and we should focus our efforts on that. Because of the opportunities that are there, that we will miss if we're not focused. So that's the reason there's a memorandum out there with some priorities that need to be set. But I have some questions for staff about our capacity to meet those priorities, even if we focus 80% of our time on the highest priorities, I'm concerned that we don't have the capacity in place to respond to all the opportunities. So I know that in Planning Department, planning and building that we're behind I think on the hiring of people to fill the spots to do the work that's being generated, even though we have fees and reserves in our development program. And so Joe could you just talk about what we need in the way of staffing to be able just to respond to the sheer volume of work that's coming in?

>> Joe Horwedel: Mr. Mayor, we are continuing to add staff back into the department and into the development fee program overall. We've been I think very successful in that to where we've now hired back all of the electrical, plumbing, mechanical and plan check staff we've laid off over the last three years. So we've in fact already rerecruited four electrical inspectors and had three brand-new ones start so we've been aggressive for asking staff back in, we're asking for overstrength positions to keep up with the demand. I think the challenge we're going to be facing is that the discussions going on about how city employment looks into the future, there are a number of staff that are contemplating retirement at the end of the year. And that it is something that we're looking at right now, how we deal with that. And whether that we can bring staff in full time or whether we do contractual so as a part of what's in your memo is something that we were off starting to think about already. We are, I think, stretched out more than we would ever want to be right now. And so it's a testament of the work that's gone on, out of shop of attracting customers. But we are trying to get ourselves back on track. We do have the money to do that. It's a matter of just trying to get staff hired or to go through and do contractual. And the contractual piece has always been a challenging piece for us to do for a variety of reasons. Labor, as well as just kind of putting together those types of agreements which we haven't used in years.

>> City Manager Figone: Mayor and if I could just add? Haven't even talked to Joe about this, we probably have to look at strategies that allows to overstaff for a short period of time so we're not just moving linearly through the

process and waiting to fill positions especially if Joe knows some key slots will be empty due to retirement because we're losing experienced staff and I think that sets us back especially in the planning area.

>> Joe Horwedel: Yeah, it is -- that's exactly where we've been trying to anticipate where we're going to have vacancies and ask for overstrength positions and we've been very successful in getting the budget office to approve those. It is -- it still takes time you know just to work through the mechanics of that. So we're off running on it, I think trying to make sure if we are going to do contractual we have been able to do it in the past very quickly but it takes you know a lot of people to do that. And I think when we did that three and four years ago, this organization was staffed a lot heavier. There were a lot more people doing that than there is today. Prioritization is great. I appreciate that because it helps us focus as an organization that this is the key thing to work on, which means some other things aren't going to happen in the organization.

>> Mayor Reed: Well, the memo calls for a strategy and I think that's the wrong term. We don't really need a strategy. We need to do it.

>> Joe Horwedel: We need to do it.

>> Mayor Reed: We have the money. We know we need the people, we have the work. That's about implementation not strategizing. We're hind in all kinds of categories of where we wanted to be and that our special tenant improvement program, you can't even get into it for a long period of time. And I know that when we have opportunities that come by, that's just a key thing. And I don't think it's just necessarily a decision by the director of planning that we need some more people. We have process, we've got HR, we got lawyers, we've got all kinds of people that get into the game and if it takes six months to fill the spot, well, that's too long. And we need to do something about that. And everybody looks at planning and says planning can't get the 30 day letters out until 50 days and you can't do the turn around here and the turn around there. But if you can't get the people in a timely way then you're never going to keep up with the demand until we go back in the other direction and demand starts going down and we start laying off people I suppose. But demand is going up and the only way to keep up with it is to be quick. It's not necessarily your decision. So we need the manager with the manager's part

of the equation and the City Manager with the centering's part of the equation and see whether you can move quickly. Whether it's overstrength or some other process I don't really know but I know you need to have the ability to do the work that is there. Otherwise these companies will go elsewhere and we won't get the jobs and we won't get the investment. So that's you know part of the direction in the memorandum which I will move here in a minute, I think. The other question was really for Kim and that is, how will you manage your people and focus your people trying to focus on these top priorities? You have lots and lots of things on your work plan and lots of other things that aren't even on a work plan that you have to do in your department. So how do you focus the attention on the highest priorities?

>> Kim Walesh: Kim Walesh director of economic development. It's very very helpful to have direction on this where the mayor and council are very clear on what the priorities are. Every week, we have to shuffle priorities. But to know that we're heading in the right direction is always important. I think for us, in our Office of Economic Development which as you know is very, very small, for a city our size, we have about five staff, business outreach is really our number one priority. And involving as many other departments in that as we can, and developing new kinds of partnerships with organizations like the downtown association and the chamber of commerce, to extend our reach is critically important. So I'm just -- I'm pleased to say that since June, we've had 95 business outreach meetings. And to me, this is foundational work that needs to continue to be a priority. Because it starts filling the pipeline. It's also critically important to be in conversation with the brokerage community because they're a very important part of our intelligence network. So during this time, when we don't have a lot of resources, I think all of the departments involved in economic development realize we need to be very smart, we need to be very focused, we need to adjust priorities and work as the big projects come in so that the big projects that have the highest impact on revenue and jobs can move forward. And we're managing that really on a weekly basis.

>> Mayor Reed: Thank you. And I also want to acknowledge that we still have some redevelopment staff that are very experienced and good at doing the retention and recruitment stuff. I assume they're working with you and you're working with them.

>> Kim Walesh: Absolutely we are working together on that we have a business crowd reach team out there every week and that's critically important, looking for the companies that are scaling can have a big can impact. We have a lot to offer in this city. We may not have a lot of financial incentives but we have the enterprise zone, the workforce development zone and savvy staff that make connections to the whole Silicon Valley region. We are heartened with the business and we're all here to help.

>> Mayor Reed: That's really important, it's important attitude in a way to approach the job because I would say it's on average about once a week maybe once every two weeks where I get contacted by some significant investor, developer, business that is interested in doing something in San José. For hundreds of thousands of square feet of development and sometimes a million, such as the Perry Arialaga deal on North First Street and other timely manner then it's just not going to happen. And so I'm real concerned that we're not properly staffed, to leverage the opportunities, and I'd hate to see us miss those opportunities because somebody else is going to get them. Vice Mayor Nguyen.

>> Councilmember Nguyen: Thank you. I just wanted to thank the mayor for his leadership on this issue and for specifically laying out the five top highest priorities. I couldn't agree more with everything the mayor said. I think now more than ever we really need to convey to the business community we need them, we need their presence, we value their presence, we like their sales tax dollars and we hope that we can continue to keep that coming. Now I also wanted to commend the Office of Economic Development.. I think you have a very creative team doing a lot of very wonderful work in this really scarce time. But I think what we have here laid out in the memo that the mayor's put out which I had co-signed along with my colleagues is something that we should focus on because I think that will really help us in the next couple of years. I just wanted to talk briefly about the airport services. In regards to the competitiveness plan, you know we have probably one of the largest Asian populations here in San José in the Silicon Valley, there's really no good reason why we couldn't recruit Asian airlines to come to San José. I know that the mayor and airport staff has been working and talking with A and A and I know that Councilmember Liccardo and Chu are going to Hong Kong next week, I'm sure they'll do everything in their power to persuade a couple of airlines to come to San José this is the area I'd like us to focus on. I think airport staff is doing an excellent job on that but it's a huge that we continue to support that goal. Thank you.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I just wanted to thank Kim Walesh and her staff, Nancy Kline, everyone in the small team, small but mighty economic development team for the work, for preparing this work plan and I look forward to continued active collaboration with them to help bring business and revenues to San José, as do the rest of the members of this council, collaborators and team makers to be able to do that. I feel honored to chair the economic development committee helping out in that regard and also Ru Weerakoon in the mayor's office in her work in supporting economic development in the City of San José. The main reason I felt this memo was important and that I co-signed along with the mayor and Vice Mayor and councilmembers Pyle and Rocha is that I really think just like we did last year, we need to hone our efforts and look at really the top priorities and the mayor's really talked about that a lot. And I always look at the 80-20 rule, the old 80-20 rule. 80% of your effort, it's 20% of your opportunities you need to put 80% of your effort into that will really yield results. Selecting priorities that we think are going to be key to really driving economic development. And we have out of those 12 strategic goals and 37 action items, all of which, when I look at this list, they're all important. We're just simply focusing and honing in on those really key ones that we need to really pay attention to right now. In order to bring in these -- to retain companies and support new jobs coming in to San José. So I will be supporting the motion and looking forward to working with the staff to accomplish this.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. I don't know if anybody made a motion yet. But I'll move approval --

>> Councilmember Herrera: I would like to move acceptance of the mayor's memo our memo and the economic -- and these priorities.

>> Mayor Reed: Councilmember Rocha you get the second.

>> Councilmember Rocha: Sure.

>> Mayor Reed: All right.

>> Councilmember Rocha: Thank you, mayor. I think Councilmember Herrera spoke to it really well, especially the honing in, I think that was for me, key to my interest in signing on to this memo and I too want to thank the mayor for his work on this and Ru Weerakoon was very helpful in coordinating this with all of our offices and really critical to the outcome that we got here. As for the 18 month work plan and the 12 implementation work plan action items I think they're called, you had noted on four of them there the highest strategic goals as the priorities. Am I correct in reading that? The asterisk ones?

>> Kim Walesh: Yes, that was the first 18 month work plan that council adopted a little over two years ago ago, they adopted those four as the highest priorities.

>> Councilmember Rocha: And since then you were focusing your attention on those and given the fact I wasn't here when you were doing that, I'm not talking about large discussions but generally the success of that and how identifying priorities for to you work on was that helpful or not?

>> Kim Walesh: Yes, I would say it's very helpful to us to have priorities. The priorities, to be honest, I think haven't really shifted in terms of the highest priority which I think is good. We've had a lot of emphasis on the driving industry companies and jobs. We also have a lot of emphasis on moving at the speed of business. And I think that continuity for those two highest priorities is really important. And I just want to emphasize that economic development is really a citywide business. And it's just -- it's an activity that touches almost every single department. I mean including departments like I.T. and the police department and ESD and the attorney's office as well as the core. So having the strategy and having the work plan and having clear priorities helps us all row in the same direction. So we're very appreciative when you're clear with us.

>> Councilmember Rocha: So someone mentioned the 80-20 rule, can you say how much staff time was devoted to those four priorities? Versus the other eight, I guess that are left? And you don't have to be exact. This is -- I'm not putting you on the spot. Just curious.

>> Kim Walesh: I guess I would say, my guesstimate the first 18 months that probably two-thirds of the staff time was focused on those four priority efforts. But obviously there were other very significant projects like the airport and the planning around the Diridon station and even the envision 2040 plan that weren't identified as top priorities but of course we're going to move those forward. Because those are about the future of our city.

>> Councilmember Rocha: And I had dropped you a note about the Green Vision and how that is incorporated into that. Can you speak to that as well because you listed a couple of items, I kind of saw that as those as well.

>> Kim Walesh: That was real good question, how does the Green Vision relate to the economic development strategy? And clearly job number 1 of the Green Vision is growing clean tech jobs in the clean tech cluster here. So that work falls under the strategy of encouraging the driving industry companies. And we're very integrated with the Green Vision, the work we're doing on supporting startups and connecting clean tech companies to sources of financing and helping the commercialization. That's all very integrated here as are all the demonstration projects that we're doing in partnership with ESD.

>> Councilmember Rocha: Shift gears a little bit and ask another question that you don't have to give me an exact answer on but in terms of the time spent on downtown economic development. Can you speak to that a little bit? I know you have a fantastic staff person who spends a lot of time down there.

>> Kim Walesh: To be honest, councilmember, that's one of our real real challenges with five staff people at the moment. In addition to delivering economic development services we do all the analysis and reports and planning and things like this. So we're very lucky to have Lee Wilcox as the downtown manager and Lee is incredible. But it can't compare to having a large number of people used to wake up every day at the Redevelopment Agency and think about the future of downtown. But that being said, the future is all about partnerships. So Lee has forged

with the downtown association a business retention partnership. So we're leveraging our resources and the downtown association's resources to be visiting companies and working on attraction and retention. We of course have the partnership with 1stAct and we're very involved again with the downtown brokers and property owners. So it's really a model of trying to leverage all the different elements and use the staff that we have and kind of in the middle of those networks to make things happen.

>> Councilmember Rocha: Thank you, it's helpful. My interest also in this item was given the circumstances of our budget and the finances and revenue and you talked about the limited staff, five staff members as well, I had initially felt that maybe shelving a few of these items might be in our best interest or your best interest. So I was talked out of that. I'm not going to mention who talked me out of that but I understand why that person talked me out of it. My perspective comes from the agency so I have a little bit of background in this but similar to what we did with the ordinance priority setting, I had thought maybe that might be a good exercise to go through. I'm not a whole fan of the whole dot thing but I thought it was helpful for staff to get a good sense of maybe given what's happening now, if there's ever a time for a paradigm shift to me it feels like right now. We're making every cuts every June that are significant and impact our residents severely and I'm new to this and my colleagues have been doing this longer than I have but it just feels like that. And I'm not sure -- I got the impression that your office felt that way or maybe you do. Again I'm not lucky enough to be on the committee you report to so I'm sure that's probably where these discussions happen but if you wanted to speak to that observation of mine I give you the opportunity of course.

>> Kim Walesh: I think you're absolutely right. This is a time of a lot of change and I think our team is very open to new models and change and focus. We meet every Tuesday morning as a city service area so the six or seven departments and I guess I would just want to you know that we went through I would say a very thoughtful two-month process of developing this work plan. And put items on here that we felt were doable to make progress on over the next 18 months. Some of them for example are the support that we provide for small businesses. Is at this point funded through Work2Future federal resources that we have like the shop San José campaign and the businessownerspace so even though it might not be top priority small business, I don't think anybody would say small business should not be part of our work program to support development. At the end of the day let's move

this forward to you because we felt over an 18 month period that we can make progress in all of these areas. That being said it is really helpful to know what the priorities are especially for this fiscal year.

>> Councilmember Rocha: And as far as the paradigm shift or the sense of urgency you feel this as well, that we should be making some major decisions about how we focus or as Councilmember Herrera says, hone in our time and resources or is this your effort --

>> Kim Walesh: Yeah, for us a major device to hone in, is to have the work plan. Because that gives us clarity about the things that we're working on and how we need to work together to move them forward. And when something gets stalled or we need to put all our brains together and figure out how to do it, we can then remind ourselves that was in the work plan and bring each other together and work on it. Maybe Joe can comment but this is very helpful to us.

>> Councilmember Rocha: I don't know if you have something in mind in terms of what that meeting is going to look like, are you going to have the opportunity to discuss about how this memo has shifted your work and maybe report out on that or as you see it is March just another opportunity for to you report out on the work you're doing, any other typical report? I don't mean to be a leading question but it was I guess.

>> Kim Walesh: Very supportive of the item in the memo that we report back in March to council on these top priority items. I would suggest we do this monthly so every month at the CED committee we do a verbal report about activities and accomplishments in the prior month, having the committee as a sounding board is really helpful to us. So let's not wait till March. Let's just every month share with the committee and in the committee report, progress that's being made on these priorities.

>> Councilmember Rocha: See for me the last thing I want to do, what you just suggested, create more work for you just reporting. The work that's important is not the work that you informing us, the council, of your work, the work that's important and the time spent is what you're working with in the business community and the corporate community and all the initiatives you just talked about. And I recognize that and I know that, so if there's an

opportunity in my mind where you feel that some of the reporting you're doing is really just taking away from you doing your job, I hope at some point you speaks up and say you know what I need to cut back on the number of reports I'm doing to council or committees and you'll have my support on that because I've been on the other side and I see the amount of work that goes into one staff report. I hope you take that opportunity at some point.

>> Kim Walesh: Thank you, we value that. I economic services are the same people that write the reports and do the analysis. We want to support good council decision making so we value that. But where there's opportunities to just do a PowerPoint or just do a verbal report and not spend so time you know on words and memos we'll look for those opportunities.

>> Councilmember Rocha: My last point is, the work that we do with the corporate community creating partnerships, I know that's a buzzword and a popular word in your world. I'm not sure and again not being on that committee how invested we are in that effort and where that fits into your priorities. Because every now and then I'm sure anecdotally we all hear that well there was an individual who approached OED or approached the city and that idea was kind of Popoed and never found the light of day. How critical is that to take those discussions do they end at your office or do you have those discussions with the City Manager, the mayor's office, the council, the committee? Just so I understand where it goes from that first initial discussion that you may have and then, the second part to that would be, where is the opportunity if someone gets an answer they don't care for? Where do they go to vet that idea or concept, or opportunity or partnership? Where do they go outside of your office? Or is there no opportunity? Long question.

>> Kim Walesh: I'd be happy to talk to you about any specific instance. Would I say generally it's critically important that we're connected to the corporate community and I would say the development community for information and for ideas. And if an idea or a lead comes in I mean we generally work with whoever it makes sense to work with on that. If it needs to be bounced around in our weekly CSA meetings we'll sometimes take it there. We'll interact with the City Manager, assistant City Manager if that's necessary. I think it would depend on the particular idea. But being part of networks and being open to ideas coming in and knowing how to sort them and respect them and figure out what the next stage is I think is -- we really value that. So if there's a particular

instance we need to talk about I'm happy to talk about it. But I think a real priority for us is deepening the existing relationships that we have with corporations. So an example would be the PWC I-lead project where it's really not enough to have PWC extend their lease and promise to stay downtown. We want to take it to the next step and deepen the relationship between the gross and downtown. We're doing the same with Brocade right now. I think part of the corporate vip deepening the connection to our community.

>> Joe Horwedel: The one thing I'd add on the brokerage part of that, part of the thing we do with the special tenant improvement program is changing people's impressions or opinions about locating their company here. And so we spend a lot of time about what we're able to deliver, so that those companies are making decisions about moving that this is a smart reason to do that. We give them some surety about they very much talk up the north county, as opposed to the south county and we really want them to go and say San José is the place to go through and get your client to locate that you know we can deliver certainty about getting into a building. We can go through and have competitive rent you know have a great atmosphere for your workers and residents to be at. So that's part of that with the brokerage community that I think in the past we really didn't do a whole lot there and now I think pay the price for that.

>> Councilmember Rocha: Thank you. Thank you for those two great answers to my very long winded vague questions. My last point revenue generating plans or concepts. Not having the opportunity to sit on those committees, vetted that issue, the council put in a lot of time trying to come up with ideas, staff put in a lot of time and we had some ideas and we either worked through them or didn't or just some fell off the list. We're not really invested in that effort any longer and I don't mean that in a criticism, it's just for me to understand the focus on that, is there or is there not any more and I'm not suggesting one way is right over the other but I'm curious.

>> Kim Walesh: I think from a citywide perspective we're always looking for different ways to raise revenue. With our economic development team I think that's why it's critically important to advance major retail projects that we have, that could potentially generate retail. We have a handful of those, as you know, and including now Hitachi Cottle road and the Almaden ranch. We have the opportunity to do the sales tax sharing agreements technology

companies that are actually producing products that could generate sales tax for us and want to be very aggressive. Those are limited opportunities that we'll continue to be very aggressive there.

>> Councilmember Rocha: Thank you. Thank you mayor and my colleagues for your patience.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. First of all I'd like to thank you for including me on this memo. And would I like to say that building the San José economy and growing our tax base is something that is not very important to only me but all of us. It is a necessary part to strengthen the city's financial footing. Updating the entire sign code ordinance is critical to our economic development efforts as well and I appreciate you including it in the recommendation. I'd like to focus for a second on one aspect of the sign code ordinance that we've been rate waiting for for a very long time. Electronic sign pilot program. To put this in perspective we received our first electronic sign presentation back in November of '09. In April of 10, we directed staff to prepare a three year electronic sign pilot program. For Stevens Creek auto mall area. although we directed staff to come back with the pilot program with the general sign update. When I realized or when I asked for Blossom Hill to be included in the pilot program in June, I never realized that staff hadn't finished writing the ordinance as directed in April of 10. So the pilot program could be implemented. Since that time I've had numerous discussions with the Planning Department and the property owner about the pilot program you can only go back to someone who wants to put in a sign so many times before they lose complete confidence in the entire situation. This particular property owner wants to invest money, which I might say generates over \$5 million in retail sales tax. More than any single mall or auto row in our city. I know that staff is stretched thin and everyone is running fast as they come. My frustration is we spend so much time oosms only to fall short of the actual writing of the program. Given the high priority we have given be the sign code ordinance and the vast amount of staff work that's already been done we need to finish this small portion of the sign code. So I have to ask you: When will you come back to council with an ordinance for an electronic sign pilot program based on the staff memo from April 13th, 2010?

>> Joe Horwedel: Councilmember Pyle, the -- we are proposing to come forward with the first chunk of the sign code before -- in December. I have staff that will be getting working on ordinances at the end of this month. Currently there is nobody in the two positions we have for ordinances and that's been that way since March. So that's part of the problem is that in March my person who did all that sign work retired. That it made sense for her to economically leave. So we are spinning up on that November 1st. We have two positions now in the budget to do that. We have drafted some of the work on the sign code. We're trying to go through all the work that Carol had done on that, to kind of unpack the files to see if that piece was in there. So Laurel is looking at that. But it's my goal to have the pilot section come to council in December. There's a couple of quick fixes we need to do to the sign code to deal with some businesses that are actually trying to locate into San José, that sign changes has been important part of those negotiations. And we're also trying to do some quick fixes for the freeway retail signage, so we've been working with Westfield on their two signs and one of the other freeway oriented signs for major shopping centers about fixing some quirks that were in there that we think makes sense. So that would be our goal for December. And then in the first quarter of 12 we'll come back with some larger pieces of the sign code that we had talked through with the council. But part of it is, is going to be that we need to not be doing other ordinances. And council will remember that we have done a tremendous amount of ordinances in the last year that were not open our work plan, at economic development, medical marijuana was one of those. It consumed a tremendous amount of time both in the attorney's office and the administration.

>> Councilmember Pyle: So can a pilot program be addressed separately from an update of the entire sign code?

>> Joe Horwedel: That's what --

>> Councilmember Pyle: That's what I thought --

>> Joe Horwedel: .

>> Joe Horwedel: Over the next three quarters bringing pieces through, we're trying to prioritize them, again based on this memo, around economic development changes that make it more legally defensive or that provide signage for like churches and other assembly uses those are going to be much lower on the priority list. We're going to focus on the economic side of it.

>> Councilmember Pyle: Thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you. First I'd like to thank the mayor and all those who signed on to the memo because I agree with virtually everything in the memo. That's great. I talk to Joe as much as he will allow me to, I share your frustration, Nancy, and I think that you know, I've been working on the sign code for as long as I can remember. And I just think it's critically important that we get that done. And Joe knows exactly how I feel. And one of the big hangups that Joe referenced and I just want to share it with my colleagues is, we have a tenant out on my side of town, an institute of higher learning that is hoping to sign a lease on a couple of floors of a vacant building. And they want to come. And the only thing hanging them up is the sign. And they won't sign the lease until they are assured that they're going to get the signage that they need for their marketing. It's right on the freeway so it's really important to them. And the thing that concerns me most is when we pass -- the council passes policies to give direction to ordinances and then, as Joe said, other things kind of slip in and things get moved around and things get shuffled all the time, we don't have a method that we can give some rock-solid assurance to people. And I know that the group that I'm working with is actively looking in other cities. And they almost signed another deal. And if we don't -- if they find a place as good as ours shortly they will do it. That's a big opportunity we're losing. I know Joe it's not your fault, don't interpret it as being your fault. We have staff resource constraint and we keep piling more stuff on top of things. But we need to prioritize. That's why I was so happy to see item number 2 on this because I think it's critically important to our city that we finish all the sign code update. I know we have to take it in chunks. I'd rather see it all in December but it's not going to happen. But we need to keep that going. I think the other thing is, the 80-20 rule was mentioned a couple of times and I think we have to keep reminding ourselves that 80% of the economy is not those big businesses that we bend over

backwards for, to get to the City of San José. 80% of the economy is the small businesses. And the medium businesses. And while it's great to get a big win, where we get the one name brand tenant that everybody likes to see the name, the contribution of that one employer is good. It's great. But it's not as great as moving 80% of the small businesses. And that's why when we talk about moving at the speed of business, that needs to be for everybody all the time. We need to do everything we can. I think one of the things I really think we need to do in addition to these priorities is changing how we frame the discussions with our businesses, and even our residents that come in and want to get things done at the city but in the context of this discussion are businesses, and it's not thank for your interest and these are the hurdles we have to get you through and every once in a while slip in a couple extra hurdles in there, it's changing the toad, we can get you in, this is what we have to do, this is what we're going to do to get you in. It is a mindset of what can we do to make this happen, not what can we do to ensure that we've hit every possible regulation every possible hurdle along the way. That's going to be key to get us going and I know it's tough when you have bandwidth constraints but we've got to have that customer service attitude of what can we do? We can get you in, it's going to take this this and this instead of the other way around. I know it's tough when you're overworked but we just got to figure out how to get there. So I hope we can keep moving in the right direction, and that we can keep in mind the 80-20 rule really means 80% of the economy is what we really need to move. It takes less effort to move 80% of the economy than it does to move the smaller parts. When you're working with small and medium sized businesses. So that's all I have to say. I agree, let's get this done.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. I thought Pete was going to say, overwork and underpaid. But underpaid is not in his vocabulary. Just kidding. I agree with everything that we've been talking about in terms of sign ordinance. I think we've been focusing on like Pete said the big businesses. But the 80% of businesses in San José are small businesses. And one of the things that I would hope to see in the sign ordinance update is some enforcement for businesses that you know, they're trying to make ends meet and at times take advantage of the fact that we don't have code enforcement officers like we used to have to make sure that they're actually replacing those temporary banner signs with permanent signs. In districts such as mine and a number of my

colleagues here that you know have these little strip malls where you have a collection of banner signs, that you know that's blight. And you know I don't know about you guys but I'm in neighborhood association meetings where community members are just saying, what about those banners? You know, they're putting them up against trees and they just stay up there and you know the explanation are well they're temporary. And they tell us how temporary is 12 months? You know, so those are things that you know, if we make sure we don't forget about the enforcement side of it, that's important. We want to support small businesses but at the same time, we want to help them thrive in neighborhoods while being good neighbors. I think the other part of the memo that I wanted to just remind you is, on the section 5 C, allowing third party plan checking for expediting permit processes, our Planning Department takes part in basically making it next to impossible, if not impossible for anyone to cut corners during any process of the development stage. And that's great. We should -- you know, that's part of your goal. I'm a little bit concerned that this is almost like the chicken guarding the hen house. And as you're developing this, to take into consideration creating a step, where we make sure that outside, outside entities that could do this work, you know, are making sure that they're doing the due diligence that our department has always done. I don't know if you have any comments on that.

>> Joe Horwedel: Yes, Councilmember Campos it's an important question or observation. There are several different ways to do contractual plan review or contractual services, I guess in a broader sense. And we've used those for -- in the architectural plan check and building. We use several different versions. The one that we have preferred is to actually have contractual staff working essentially as our staff, and then we were assigning them projects and it gave us flexible staffing as work went up and down rather than hiring staff and laying off staff. We used a manner of third party plan checking to hire a checker and do review of their plans, they can do that today, but we still do the normal review to make sure the code has been complied with. The value that a customer gets with that is they are able to get a lot of the issues out of the way before they come in the door to see us. It's rarely used because it is duplicative. So my sense is that in looking at contractual staffing would be, how to go through and bring in contractual staff if that's what makes sense, and to let me put them side by side with city staff in doing it and that's how it works in a number of cities. It is really there is peak staffing. But we do want to go off and talk with both our employees and talk with our customers to see what is the right way, you know how that would work, you know is it a right solution for this.

>> Councilmember Campos: Okay, now, that gives me comfort because I know we do it with the CEQA analysis and when we have to have big EIRs done, that gets done by outside entities and they do you know coming from the Planning Commission they do excellent work. So I just wanted to make sure that a step isn't skipped.

>> Joe Horwedel: We don't abdicate our responsibilities under the law. We do hold whether it's a city staff person or contractual person to the same standard of what the output is.

>> Councilmember Campos: Okay and those are my questions and I look forward to supporting the motion and this memo.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks Mayor. Joe I wanted to follow up on the concerns that Councilmember Campos raised. Because I have some concern about our practice of developer-funded EIRs which I understand is at least someone told me is a pretty unique practice compared to other cities, is that right?

>> Joe Horwedel: I think we are one of the few remaining cities that allow a developer to pick their own consultant. Most other cities have gone to a preapproved list of contractors to do that work that the developer can pick from, or that the city just contracts directly, and picks their own consultant with potentially consultation with the developer. Our three styles of that are spelled out in state law about how CEQA is performed and as Councilmember Campos noted, the end product that goes out onto the street has to reflect the City's view of what's in that document. So if we don't like, regardless of who contracted with it, we control the content in that document.

>> Councilmember Liccardo: And I appreciate that. And I appreciate it's legal. I guess I'm concerned because as you say we're required to dorse it as our document if it's to go forward at all. The devil's often in the details. Analysis can be very fact specific involve a lot of expertise and we've got staff that's very stretched and

the question is are we going to spend, devote all the hours of analysis and checking that the developer's consultant did the quality of work and was sufficiently objective, I think that's the most important question, were they sufficiently objective to provide us information that's reliable in an EIR. And so I have some concerns about that direction, in paragraph C, where we encourage developer funding, staff specialists beyond what we've got already because frankly I'm not totally comfortable with what we have now. And I know we don't have a lot of time and energy to be reconsidering what we're doing now. Particularly given your staff's being stretched as thin as they are. I'm just not eager to push in that direction. I don't know if you've got any feelings on that.

>> Joe Horwedel: Well, my read on that particular provision is it would allow the city to enter into a particular developer to say they are anticipating a project coming forward of a certain scale and they want to ensure that staff would be available for the duration of that project that essentially we would have that resource there, rather than us trying to guess when they're going to come in and then hiring after the fact, is they would essentially preguarantee the funding for that position so we would bring them on board really before they came in the door. And this --

>> Councilmember Liccardo: Then would we do the hiring or would they?

>> Joe Horwedel: My expectation is we would do the hiring.

>> Councilmember Liccardo: Okay.

>> Joe Horwedel: We've done that in the past for large planning efforts. It's discussion we have had with developers for like the Communications Hill property, like it's going to be a multiyear effort to work on it. I'm hesitant to bring somebody on board if I don't know three months from now or six months from now they're going to be here with the check and then they're going to sustain themselves, there's going to be enough work for that person to remain focused, rather than it's 60% and I've got to find 40% to bolt into it. If they pay for that person from FTE for two years then I don't have to worry about it from a budgeting standpoint.

>> Councilmember Liccardo: Nine times out of ten it's no big deal in the context of Coyote valley, a very controversial development, that's core of many of the concerns raised by the environmental community, which is is this EIR one that we can really rely on?

>> Joe Horwedel: Some of the concerns we had were a lot of large developer coyote and Evergreen we did have to provide the developer that they were providing the staffing but not providing the outcome. We necessarily that staff would recommend that pa plan. But wear going to guarantee them the staffing so that that that plan could move forward to have a question asked.

>> Councilmember Liccardo: Okay.

>> Joe Horwedel: And that's an important distinction that gets lost from time to time. We are doing a little bit of a hybrid with the Hitachi, in Councilmember Kalra's district, they have an architect who's been very involved in that. I've asked Hitachi to actually contract with the architect, to have that architect work for my staff, to do the review of the development projects, that a multiple set of developers as Hitachi sells all that land off, they want to make sure what they have invested in the quality of that project that they are willing to actually pay for that. It's a similar sort of thing, it's a name we have absolute confidence in. They helped us to achieve that really I think high-quality design product. And so they're going to basically be sitting at the side of my staff, that if we have questions about urban design architecture, master planning the economics of that, we'll be able to turn to them and help us advocate to achieve the spirit of that plan while working with probably four or five different developers. And that's a little bit different hybrid. We're trying to see what's the right balance of how do we bring the right resources in where I may not have those skill sets or capacity on staff today, there's a couple of ways to do it so trying to be creative around that.

>> Councilmember Liccardo: Thanks, Joe and I appreciate your attention to the issue. You know as a general matter first, I agree with the 18-month work plan and certainly support it at CED committee and I'm very grateful for the extraordinary work that Kim and her team five people I think pound for pound we've got the best economic development staff in the country. If we only had that in the state of California we'd all be better off. I think I'm

concerned, and I think there's been great work done on the memo co-signed by five of my colleagues. I agree with all of these priorities. Problem is when I matched up each of the individual items with items on the work plan I stopped counting when I got to 11 different items in the work plan that are in the memo. I think all these things are important there's no question but as we all know after we get beyond three or four priorities after a while we stop having priorities. The most important priority is how can we help speed up the development process for employers, if I were to propose an alternative I would simply focus on that one item alone. We have a \$15 million reserve to do something. We could get out there with a pretty bold plan to make commitments. We have had great success with the STI program and SunPower who are able to say we've dealt with the City of San José and when we've got their attention they moved the project and we get the commitment met. The problem is, is those well kept secrets are well kept secrets. And what we don't have is a broadly -- a well broadcast commitment to getting employers through the process quickly. And if we had in the alternative for instance a commitment that said, if you create a job in the City of San José we'll get you through a tenant improvement permit in five days or less and we'll hire up in order to make sure we can do that, I think that's the kind of message that could really start to move. Particularly at a time like now when we know we have a huge amount of transition in corporate leasing. We're seeing a lot of headlines in the business journal every week about big companies that are moving, small companies that are moving, folks are expanding this is the time, because prices are being recalibrated because north county I'd like to focus on that priority alone and we all know look if a baseball stadium becomes an imminent possibility because of decision of major league baseball obviously we'll all clear our desk for it but I think really prioritizing what's really most important on this work plan simply will be how can we make a streamlined commitment in development services on jobs? And that would be my suggestion.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Well, I wasn't -- I was actually going to just point out the fact that we are going to have the support coming back to economic development committee monthly. I think that was suggested by councilmember Rocha and that is in the memo I added that because I think it is important that we continue to talk about it. I'm intrigued about what Councilmember Liccardo just said. I think your idea is using some of the reserve

funds to actually help facilitate that. I mean it would not be -- if it were not funded, then it probably wouldn't create as much impact. I'm kind of asking -- that's what you're thinking right?

>> Councilmember Liccardo: To the extent that prop 218 allows us to be able to staff up to create an economic development program that's focused on streamlining programming and permitting. .

>> Mayor Reed: We need to fill the people to do those things .

>> Councilmember Liccardo: I agree, I mean but we don't have a small business ambassador program right now for instance to my knowledge.

>> Joe Horwedel: That's correct is that consolidated it in with the special tenant improvement program.

>> Councilmember Liccardo: I'm sure we would love to be able to fully staff all those programs to be able to get folks in.

>> Joe Horwedel: We went through the budget a year ago and added essential I think it is 40% more capacity to the STI line maybe up to 50%, and we're filling that up, I think as the mayor pointed out, we have kind of filled that all seats on that plane, and so what we're looking at doing is, putting in some more capacity there. We call them service lines for this enhanced special tenants, the economic development type projects. My challenge is going to be, is that every time I expand that line there is a team of five people that work to deliver that line. And I need electrical inspectors to do plan check I need plumbing inspectors to do plan check and I've exhausted my pool to be able to draw from so I have to go out into the marketplace and do that. The comment is do we do that through contractual or through staffing? My goal is I want to be able to first of the year to be able to say here's another 40% expansion of capacity so I'm not turning people away or making them wait three weeks to get in the door. Without, and this has been the real challenge, without harming our regular customers, is today, we have been running so thin is every time somebody's out sick somebody goes on vacation, I pull people off of the regular lines, that the homeowner who's trying to add onto their house, their project moves one day to the right

because I went through and borrowed that person for the day to fill a gap in the service line. And so we need to put some stretch capacity in there. We didn't size it that way. We focused on just the most amount of capacity we can try and deliver. So we are rethinking that right now. But our goal to keep growing that. Because if people are wanting -- they're paying a premium for that service and that's the part of I think how we get tobacco doing small business ambassador is our customers want that certainty of time. We are able to deliver it, just to not as many people as we would like. That's my goal the first of the year is you're going to see that as a bigger service line if I can get the staffing piece to make that happen.

>> Councilmember Herrera: So I guess to wrap up I was actually still talking but I was asking Councilmember Liccardo his input on that. I think this whole memo the tone of it is at least from my contribution to this, is jobs first, absolutely jobs first. You know and whether we're able to utilize some other kinds of funding to support that, to add those lines, that extra capacity in the most expeditious way we could, that's the reason we have that suggestion in there the aware we do.

>> Councilmember Rocha: If I may make a suggestion would Councilmember Liccardo be and vet it more out and bring it in March so we could vet it more out if that is the will of the committee?

>> Councilmember Liccardo: I think it came to CED before it came here.

>> Councilmember Rocha: So you're looking to add that to this direction right now?

>> Councilmember Liccardo: All I'm expressing is I'd like to see a narrowing of priorities, I think they're all go, would I like to see the primacy of one priority and goal of focusing resources on that. Vice Mayor Councilmember Kalra.

>> Councilmember Kalra: Thank you. I think that I agree with Councilmember Liccardo and I think we all -- I don't think anyone here disagrees that one thing that's working well for us is the STI program. I hear it time and again, we do move at the speed of business as required by some of the companies that are moving in. So it's

definitely a matter of marketing because a lot of the companies outside of San José aren't aware of it and it is the capacity to expand as I indicated Joe. So at the same time without hindering the day-to-day operations of the Planning Department when you do have contractors that are relying on their speed of business as well on their projects when they come around they don't want to wait around for four or five hours or come back the next day get their permits. I don't know if there's ability to have people floating around to have that capacity but the reality is we have to make sure that we have the ability to move quickly and I know that that causes staffing issues for you. But you know as creative as you can be we need to find a way to do that. As well as if you talk about small business ambassador really an STI for small businesses, if we can find a creative way to do that I know it's much more challenging for larger companies when you're talking about bring in a very large corporation, a very large company, when you are talking about mom and pop shops do get some negative feedback on some of the smaller retailers and the small restaurants that you know they still haven't had someone come out to check and they're just waiting to get the plumbing checked and the electrical checked so they can open up the doors. For them if they have a month delay it could be critical for them what we have going here is good. And we know that, and so I think that what I see expressed up here is a way to bolster it and to continue to improve it given the resources that you have, people are willing to pay a premium for STI for these -- the larger companies, the small businesses people are willing to do the same and maybe figuring a way to have a premium for small businesses as well, if they want a time-certain as to when they can get their doors open for them oftentimes it's more critical than larger companies. I agree with Councilmember Constant that yes we have to focus on small businesses, they employ more people but we all know you bring in a larger company that oftentimes feed into these small restaurants and other businesses so that's why you get more bang for the buck with larger companies but that's what I mentioned doesn't mean you should ignore the smaller business with those limitations. I agree on the sign code ordinance if you can move as quickly as possible. And finally what Councilmember Liccardo discussed regarding the CEQA analysis there is something that I know that I've talked a lot with Joe as the Planning Commission liaison to the the actually the Planning Commission did a tremendous job they did a lot of research and they came forward on that exact issue the developer funded EIRs came back with great suggestions, with Joe's backlog you might not be able to get to right away. But planning Commission came up with they did a lot of research and I agree at the very least it's a perception problem and at the very worst especially with lack of resources there may be some issues on going forward. I know that one of the issues when I was on Planning

Commission was that if you did have a developer funded EIR and it came forward nine times out of ten there's not a problem but one time out of ten though took so much staff time to counter that was one of the issues that I addressed with Joe and I know the Planning Commission also has addressed and I think that when we talk about doing plan checks and contracting out I think also to make sure that we have our eyes on it and we have extra assistance but ultimately we need to be the ones that do the hiring. Because otherwise we open up that can of worms in another area of planning which I think we can't afford to do because again that would end up costing us more in the long run. As we try to become more efficient we need to make sure our obligations are met. Joe I'm more than willing to work with you and the Planning Commission if there are suggestions hospital we can make sure as we streamline that and bring in folks on contract, rather than full time, that we make sure that it's our -- that it's our staff that is the one doing the recommending and that's really using their expertise to advise us moving forward, thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. The memo has something for everyone which is always fun right? Because we can all prioritize or argue any point of this that's more important than the next document at the end, we'll see what transpires moving forward. We do need to be direct and provide guidance though in this form of government and so I think you've heard loud and clear from multiple councilmembers fill in positions that could facilitate that all those dint things. I can't say it's perfect, I can't say it's terrible either. I'm going to obviously support this. I don't want to be disconcerting to the development but I really believe a lot of it is out of our hands. Not up to us but we can certainly facilitate things when they do come to us. Thank you.

>> Mayor Reed: I think we're done with that item. We have a motion. I think Councilmember Herrera had the motion, Councilmember Rocha had the second. On the motion, all in favor? I'm sorry, I have one card, not on this item. Let me just double-check. Did you want to speak on this item? Okay, go for it. Once I put my glasses on I can read that handwriting a little better. It's kind of a challenge.

>> Sorry, I wrote it very quickly. Good afternoon, Brian Schmidt for committee for green foothills. I want to thank the councilmembers of bringing up this issue of developer control of preliminary or draft version of the EIRs. It is a very important issue while it is legal, San José is an outlier of giving the developers control over those preliminary versions. It is something that needs to be fixed both as a matter of perception and as an actual problem. It appears in this case that this recommendation by Mayor Reed and other city council members for having developer funding of staff specialists avoids the problem because the developers write the check from what I'm hearing and then control over the person and who's to be hired what they do remains in the city. That's great and that's good but that doesn't fix the existing problem the city still has about its EIRs. The city should just do the same thing that's being flemed this memo developers write the check, the city selects the consultant that does the EIR and the consultant's responsibility is to the city. And Councilmember Kalra raised the Planning Commission as addressing this issue, as an important issue. In the envision 2040 task force, also raised this issue regarding riparian stream side areas. So staff had said they are willing to look into it and have it move forward and I hope that moves forward on a separate track from what's being done here. Thank you very much.

>> Mayor Reed: That concludes public testimony. We have a motion, on the motion all in favor, opposed, none opposed, motion carries. Concluding our work on item 4.2. We had to skip over item 3.six, we're going to go back to that now because it was to be heard no earlier 3:30, we have successfully accomplished that since it's almost 4:30. We have Planning Commission interviews we have I think seven people that are here to the interviewed is that correct Mr. City Clerk?

>> Dennis Hawkins: Yes, seven applicants here today. First applicant is Dori Yob she is in the chambers now.

>> Mayor Reed: Okay then let's invite Dori Yob to take the podium. Sorry you had to wait for a while, waiting is part of the job I'm afraid so we'll give you a couple of minutes to talk about why we should appoint you to this position and then we'll do some questions and answers.

>> Great. I just wanted ting start by thanking you for the opportunity to be here today I know there was a large pool of applicants for this one open position and so you culled those down to a very small group who has option to

speak before you today and I'm honored to be among those. We all have a responsibility to serve our community and eye I think I'm uniquely qualified to serve my community in this way. I both live and work in San José and I'm very proud of my city. I work at the local law firm of Hopkins and Carly where I focus my practice on real estate litigation and land use. I focused on those areas because they are of great interest to me and I think having an interest in the subject matter is critical in order to get through the volume of information that a Planning Commissioner must review in order to be prepared for the hearings. I also have familiarity with the issues that will come before the Planning Commission as a part of my everyday practice. I also live in San José right near the downtown core in the Cahill park condominium development which as many of you know is a high density development near a major transit center, the San José Diridon train station. I'm walking distance from the Alameda business district and Downtown San José so I have firsthand experience of understanding what the neighborhood villages that the city is interesting in imposing throughout the community looks like and feels like and I look forward to complementing that throughout the city as part of the 2040 plan that I know you'll be considering very soon.

>> Mayor Reed: Thank you. Thank you for your interest in this. We'll have a few questions. Councilmember Herrera.

>> Councilmember Herrera: Thank you Dori very much for applying for this pongs. As you know, the city charter generally limits the powers and doodle of the Planning Commission to land use. And development issues. Do you foresee you would have any problems adhearings toll functions attempting to make recommendations on nonland use issues outside of the purview of the Planning Commission?

>> I thank you, Councilmember Herrera, I do not feel I'll have a problem with that obligation. I think understanding the role of the Planning Commission is critical. It is not a policy-make body. It's a body that's here to enforce the policies that are set by the city. There's staff and many people have spent hours spending time on things like the 2040 plan the zoning ordinance and it's the job of the Planning Commission to apply those rules and policies and procedures to the applications that are before us. That is our role and I think it's really critical that we stick to that.

>> Councilmember Herrera: Thank you.

>> Mayor Reed: Councilmember Pyle. (inaudible).

>> Mayor Reed: Okay. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. I just wanted to note based on what you had just said verbally that you live at the Cahill development which is actually a transit oriented development and I think if I'm thinking of all the people on the Planning Commission they all live in single family homes so I think that offers you a great perspective since that's what we would be building in this city, thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. Thank you for applying. What do you believe it means to create and maintain a sustainable city?

>> I think to create and maintain a sustainable city has -- that has many meetings first of all it means creating a city that we can sustain with such tax base. So having an adequate distribution of jobs to housing is important and I also think that extends to environmental effects of our city by doing things such as increasing the density of our housing, supporting and encouraging transit, public transit and reducing our ecological footprint.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you and thank you for applying. Those of us who have served on the planning know it can be very challenging at times, because Planning Commissions at times truly where it's a public forum where the public has the opportunity to express themselves, obviously they can come here as well but oftentimes the issues are vetted through the Planning Commission. How can you approach the situation where you felt a certain development was appropriate where there was density and all that but you have surrounding neighbors in

large numbers that came to object to it? How would you approach that and -- how would you approach the issue and how would you address the public as well in approaching that issue?

>> Thank you, Councilmember Kalra. I think that is a good question. I think it's a skill actually that one needs to have in order to serve on the Planning Commission. That is to understand your role in the process. At the same time, I think it's important to recognize that this is a public forum, and an opportunity for the community to come speak on a particular issue. I think often it will be the community's first interaction with the city so I think it needs to be a positive one, it needs to be one where we give respect to each person who comes up to the podium listen to what they have to say and acknowledge what they have to say. If there's an opportunity for the Planning Commission to address a concern of the guidelines that are very specifically set forth in the general plan and zoning ordinances. And apply those procedures and those rules to the specific application before us and stay very focused on that. I think it's very easy to get distracted by issues that are not relevant to the application that's pending and that we need to all play a role in making sure that does happen.

>> Councilmember Kalra: Thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you mayor sorry I'm going to ask a very tough question, it's one that council struggles with too. So weighing property owner and developer rights versus community, the impact to the community. How do you reconcile the two? And I know that's a very open ended question because you need a specific development in front of you but that's a very difficult issue that Planning Commission and council has to deal with so I'm curious your thoughts on that.

>> I think it is a hard question the difficult struggle and without an application pending, you know sitting here to discuss it's hard to answer. I do think will go back to the role of the Planning Commission which is not to be pushed or pulled by an interest of one particular group but rather to really focus on the policies that are in front of you and whether the particular standards that we're asked to apply have been met.

>> Councilmember Rocha: Thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. First I wanted to thank you very much for applying. I was very pleased to go through your resume and your application and see how well qualified you are. I had two questions and both of them are asked so I'm satisfied.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. Thank you for applying, I'm also impressed by your qualifications and background it may be my bias as a recovering attorney obviously you very important major firm here in the downtown undoubtedly a lot of developers are clients of that firm. And what I'm concerned about is you sitting up here in the Planning Commission having to recuse yourself from item after item after item because of all the clients in your firm. Have you thought about that in terms of looking at your firm's client list and how likely you are going to be to be able to actually weigh in? In I think that's a wonderful question, Councilmember Liccardo, one I have given thought to, I can answer to my experience and a Jay Ross I have spoken to him in the issue.

>> Councilmember Liccardo: I see him in the audience.

>> And personally I San José Planning Commission. I've appeared in Belmont and Piedmont and Los Altos, I've never appeared here in the City of San José so I don't anticipate is based on my experience and the experience of my colleague I don't anticipate it being a problem.

>> Councilmember Liccardo: Fabulous, thanks.

>> Mayor Reed: Okay, I think those are the questions. We appreciate your interest in this and thank you. You're welcome to stay or leave, neither would be impolite, it's up to you.

>> Thank you very much.

>> Mayor Reed: We'll take our next applicant.

>> Mayor Reed: Mr. Kaeding.

>> That's correct.

>> Mayor Reed: We appreciate you applying, we will give you a time to speak about why you want to be on this commission.

>> Thank you. The meat and potatoes of what governments do i'm also intreegd with the way city governments can use land use to solve a lot of social problems. For example, drug use is dealt with at the federal level through the criminal justice, but recent this body has been dealing with land use to deal with drug use. As a resident as a member of my neighborhood association who has taken an interest in what the city has done but as a student of land use as a former appraiser, at the city attorney's office and at the county council's office.

>> Mayor Reed: Thank you. Few questions I think Councilmember Herrera.

>> Councilmember Herrera: Thank you and thanks very much for applying. I have a question on land use function. The city charter generally limits the powers and duties of the Planning Commission to land use and development issues. Do you foresee that you would have any problems adhering to the roles and functions delegated to the Planning Commission and not for example attempting to make recommendations on nonland use issues outside of the purview of the Planning Commission?

>> Well, I mean certainly, I think that generally, issues that come before the Planning Commission are pretty basic and standard in terms of making a recommendation on approvals for permits, making recommendations on zoning issues and things like that. But within that function, I mean the general standard that applies to land use decisions is the commission needs to recommend what's in the best interest of the public health, safety, welfare and a lot can fall within that. But it has to apply to a particular land use issue that's being considered by the body such as making a recommending on a particular code or a particular permit.

>> Councilmember Herrera: Can you give me an example of where it would go to health and safety? There are circumstances for example that you might want to go beyond land use, do I understand that correctly?

>> If there's a conditional use permit application before the commission the commission has to decide. The way the city ordinances are done really written for the criteria for granting it a conditional use permit for example, what is in the best interest of the Public Health, safety and welfare and within that, I certainly think that the commission is -- has the right end duty and responsibility to listen to what people are saying and to take everything into consideration. If -- if -- for example, if people are opposed to a particular development because they think that it might pose a toxic safety risk for residents, their evidence of that needs to be considered and that applies -- that applies to the Public Health, safety and welfare. That's something the Planning Commission needs to take into consideration.

>> Councilmember Herrera: Thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, and congratulations, I appreciate the fact that you're interviewing for the job. First of all, what do you see is the ethical side of your commission duties?

>> Well, I think what I just spoke of kind of cuts to that, that you need to take into consideration all the evidence before you, all the concerns of residents. But at the same time --

>> Councilmember Pyle: I'm thinking more of your conduct as an individual.

>> My conduct as an individual?

>> Councilmember Pyle: Uh-huh.

>> Whatever I do in the community represents the city. So obviously how I present myself to the community is important. But also, how one you know handles one's job on the commission, I think it's important to be respectful of the people that come before the commission, it's important to be respectful of the other commissioners. It's important to not bus one's power but you have to consider, you may not like a particular applicant but if what they're proposing personal feelings might have to be set aside.

>> Councilmember Pyle: Thank you, appreciate that.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. Thank you for applying, Mr. Kaeding. As somebody who has served on the Planning Commission before I know it can be a challenging role. The project you are inclined to support maybe, high density near transit and you felt it was an appropriate project but there were a large number of neighbors that appear before the commission to oppose it. How would you approach the item regarding your decision as well as your approach towards the public?

>> I think my general approach as a general matter is when there isn't opposition from the community, generally speaking, I would support the staff's position. Because the staff, they're very knowledgeable about land use issues, they've had time to research things. When there is opposition from the community, I would have to consider what is the basis of their opposition, is it legitimate or is it motivated by an animus, and sit reasonable

and is there some sort of compromise position and if not, you have to balance the evidence. I can't say you know in what given situations I would be inclined to go with the community or go with my previous inclinations.

>> Councilmember Kalra: If what they are character to change and you feel it's a good project and either way, either decision is a legal decision how would you approach and again how would you interact or would you, with the public as they come and express their discontent?

>> You've also really got to consider the reasonlessness of the argument. And I can't always say I would always support the residents or always support the project. This is a public city, we're here to represent the people of this city and if the people of this city don't want a project, and if the reason why they don't like it is a perfectly legitimate reason and what they're asking for is legal then that would have some great weight with me.

>> Councilmember Kalra: Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. And thank you for applying for the Planning Commission. Away do you believe it means to create and maintain a sustainable city?

>> I think the direction that we're trying to go right now with the envision 2040 plan is a good start. Unfortunately the city was planned out at a time when we seemed to think Los Angeles was the model to follow and we can't just Raze that and start over. I look at the envision 2040 maps and see that we're going in a great direction now. We're creating infill areas that are walkable areas and drive every time you want to go to the store. I see there's focus on developing the transit corridor as being an excellent idea, not only -- I mean it will ultimately help us to develop the transit corridor. One of the reasons we don't have good public transportation density to support it like in Europe frequent. And I also see what we're trying to do with preserving the job lands as being important because we do have a jobs-housing imbalance and that creates revenue shortfalls with what we're doing with all

the time. So creating a sustainable city means doing those kinds of things we're trying to do right now, developing the transit corridor .

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. Weighing developer rights property rights versus impact to the community on a development. Can you give me your thoughts on that? I know without an application in front of you and specifics just generally your philosophy on that?

>> My philosophy is we live in an urban environment. I'd have a different philosophy if we lived in an urban environment. I'm communitarian on the external effects of what a property owner wants to do versus how useful is a property owner wants to do, how much of a benefit are they going to provide economically or whatnot to the community. There's a skill, I'm not going to be at one side of the scale but if you know the bias I am biased to what's in the best interests of the community.

>> Councilmember Rocha: Thank you.

>> Mayor Reed: I think that concludes our questions. You're welcome to stay or leave, either would be fine, thank you very much. We will move to I think David Barry is our next candidate. Mr. Barry welcome. Thank you for your interest in this position. We'll give you a couple of minutes to talk about why we should appoint you to this position and then we'll ask you a couple of questions.

>> Mayor Reed, members of the city council, thank you. My name is David Barry. Most of you may not know who I am but you most certainly know my work, I was involved with the City of San José and the Redevelopment Agency first as a volunteer then a summer intern three years in a row and finally as a full time employee with a focus on urban design and city planning my work has helped shape San José in countless ways in every district of the city involving every kind of project from housing office and industrial projects to cultural facilities, community and retail centers. I'm here today because even though I no longer work for the City of San José, I wish to put my

experience with city policies and goals, as well as my planning and design skills, to work to help ensure the health, safety and welfare of the people of San José. It would be my mission as a Planning Commissioner to advise you and make recommendation to you on matters relating to the future physical development of the city. I would strive to be objective fair and efficient to rely on staff to provide technical expertise while ensuring that I do my homework, prepare for each issue, and listen to state holders, meanwhile abiding by city policies and a genuine concern for all the members of the community. Thank you for the opportunity to discuss my qualifications, my name is David Barry and I stand before you today to lend my support to the San José Planning Commission.

>> Mayor Reed: Thank you. Councilmember Herrera has a question.

>> Councilmember Herrera: Thank you. Thank you, David for applying, certainly have a great background. I have a question on land use function. The city charter generally limits the powers and duties of the Planning Commission to land use and development issues. Do you foresee you would have any problems adhering to the roles and functions dell dated to the Planning Commission, and not for example attempting to make recommendations on nonland use issues, outside of the purview of the Planning Commission?

>>> No, I don't think I would. I actually serve on a commission for the county of Santa Clara, historical heritage commission and I understand that the purpose of a commission is to advise, in this case supervisors and in the case of Planning Commission, the city council. And that my specific duties would pertain to the general plan, to C.U.P.s and to other land use issues, and I would stick to those issues which are are germane to the Planning Commission only.

>> Councilmember Herrera: Thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you and thank you for applying. Appreciate your willingness to serve. I wanted to ask you, what do you see as the ethical side of the job as Planning Commissioner? What are -- what would you see as your duties?

>> Well, the ethical side could you please --

>> Councilmember Pyle: Any time you serve the public in any capacity you have a certain ethical side to the public, what would that look like?

>> Well for example right now I'm pursuing a new career in consulting as an urban designer. I am prohibited by the revolving door policy from working directly as a lobbyist for the City of San José. I specifically am not working on any projects on San José because I would not want to have any conflict of interest with those issues.

>> Councilmember Pyle: Thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, Mr. Barry for applying and thanks to your service to the city over the years. As you may know I used to serve on the Planning Commission and certainly a very challenging role. And so I want to pose a question or hypothetical to you, if there was a proposal you were inclined to support and near transit and a large number of neighbors came out in opposition, how would you approach the meeting regarding your decision on the project as well as how would you approach the public?

>> Well, certainly what's always important to do, since as a commissioner you're not just representing your local district or your neighborhood but the entire city, is just think of how would you feel if it was your family in this situation? It's important, of course, we have many checks and balances through the process to listen to the community, to get that input, and I would rely upon the Planning Department to pass along that information to us as well as give everyone their two minutes to speak at -- in public hearings. And most importantly, if we had --

we're going to be adopting the 2040 plan which has had very extensive public review process. And that should be our guiding principle, as well as keeping in mind that every four years we're going to review it, we're going to take into consideration new developments and new opinions. So I would stick to the general plan, those policies and guidelines as well as hear people. But what we need to do as commissioners is see the bigger picture. And so I would stick to that, as my policy guidelines.

>> Councilmember Kalra: Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor and thank you for applying for the Planning Commission. What do you believe it means to create and maintain a sustainable city?

>> Well, my family has been here for over 100 years, and in that time we've seen the city grow to about 180 square miles from just a few square miles. And that in that time, we've built a lot of housing that is not sustainable because we don't have quad property tax base from jobs and industry to support those services. So in my regard, sustainability, a lot of people think of that in terms of agriculture and greenness and green that, but to me it's sustaining our lifestyle here with appropriate economic base.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor, hello David. Weighing the interests of property owners and developers versus the interest or impact to a community on a particular development and I know it's difficult to just speak to that without an application in front of you but can you share with me your philosophy on how you would weigh those two interests?

>> Weighing the interest of developers and the community?

>> Councilmember Rocha: Property owners versus the community on a particular development.

>> The reason we have general plans and specific plans and guidelines for developers is to give developers a path if you will of how they are to develop in San José. It is in my opinion it's not -- if developers are following those guidelines, and those policies, that have been set down by the people of San José and our representatives, then it's important to give them that fair opportunity to develop the city according to those plans and policies. Now, of course, things down the road may change. And what I like about the 2040 plan is that there's provisions for us to address this every four years. And of course, the Planning Commission can also hear general plan amendments as things come up to reassess where we're going. So that's my answer.

>> Councilmember Rocha: Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you David for applying. From your experience here looking at some of the decisions that have been made was there a particular project that you just would have thought that was a bad decision?

>> Glad you asked that. Actually, just have a -- the recent opposition to the adoption of the Almaden ranch environmental impact report, on the Wednesday, August 24th, 2011 Planning Commission, is a decision that I would not have agreed with. As did the majority of the Planning Commission. I felt that as the job of the Planning Commission, it's to listen to the technical advice of the planners. In that case due diligence was practiced with the EIR and it's the job of the Planning Commission to move that along to you, our elected officials. So we can get those jobs going in that tax base going. To pay for our city services which are woefully underfunded right now.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. David, thank you for your willingness to continue serving and for your past service. I think we've seen a really exceptional group and you really are a great example of certainly someone with a lot of expertise. I think you had LEED credited for a lot longer than what I knew what LEED was. It's nice having that expertise but you get on council is giving you policies and ordinances that you have to grapple with and inevitably you've got more technical knowledge than the people like me who created these things. How are you going to be able to reconcile your professional background knowledge, everything you know, where you're looking at an ordinance or a policy and you think council just didn't get that right or maybe you're looking at the general plan and you're thinking council shouldn't have approved that? How are you going to reconcile that with a project that's sitting there in front of you?

>> Well, as far as that goes, I think you are the leaders of the policy. You were elected officials. And I would take my direction from you. I'm here to serve in the capacity of giving advice to you from what I know, based on the policies and plan provisions that are there.

>> Councilmember Liccardo: Thank you.

>> Mayor Reed: That concludes our questions. Thank you very much for your interest. You're welcome to stay or go, either would be okay.

>> Thank you all for your time.

>> Mayor Reed: Thank you. Our next applicant would be aimee Escobar. Welcome aimee.

>> Thank you, good afternoon. I'm short.

>> Mayor Reed: It's okay it's adjustable, not a problem. You can have a few minutes to tell us why you think you should be appointed to the commission. Then we'll ask you a few questions.

>> As somebody who has had the experience of being on the other side, my own frustrations, trike to get the point across, create the vision for my client as well as the things that I've done in my studies with urban planning. So from that experience, I thought to myself I could be really effective in making decisions for our city, in terms of social planning, so many different areas in that respect. So I figure okay I can say it but I should actually do it. I should commit the time, and I should commit the effort and education that I've bestowed upon myself to benefit the city that I've lived in for so long.

>> Mayor Reed: Thank you. We'll have a couple of questions. Councilmember Herrera.

>> Councilmember Herrera: Thank you. Thank you very much for applying aimee to have a seat on the Planning Commission. The charter limits the powers and duties of the Planning Commission to land use and development issues. Do you foresee you would have any planning Commission and not for example, attempting to make recommendations on nonland use issues, outside of the purview of the Planning Commission?

>> No, absolutely not. That's what I'm there, that's my focus, that's where it will remain.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. Aimee, thank you for applying. I really appreciate your enthusiasm.

>> Thank you.

>> Councilmember Pyle: First of all what do you see as the ethical obligations you have as a Planning Commissioner?

>> To do what's right, to follow the letter of the law. It's not my opinion, it's not what I feel is morally correct. It's what I'm there to do as someone representing the law of the City of San José, and the wishes of the voters who have created those laws, as well as the councilmembers who have decided which policies we'll decide on.

>> Councilmember Pyle: Thank you.

>> You're welcome.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor and thank you for your time, in applying.

>> Sure.

>> Councilmember Kalra: As someone who has served on the Planning Commission before, I know it can be a challenging role. A hypothetical, a large number of neighbors come out in opposition so how would you approach that item, regarding your ultimate decision as well as how would you approach the neighbors that are there in attendance?

>> I've actually worked on a project in the past that no one supported, no one, not the people next door, just the person who did the application and so knowing what we did, which I asked my client at the time go out in the community hold a meeting separate from the City's committee meeting that they asked the client hold and really listen to their concerns, make a list of them, give them back to that community, and say how can we work through this together as a team? Because this is why I'm beneficial to your area. So from that perspective as a Planning Commissioner I would ask if I hadn't seen that happen that that would occur because that really means that someone's listening and interested in being a part of their community as opposed to someone or a business coming in or a subdivision forcing their way in which would create a resentment and ultimately would not lead to harmonious neighbors which ultimately at the end of the day we have to be harmonious neighbors to success.

>> Councilmember Kalra: Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you mayor and thank you aimee for applying for the Planning Commission. What do you think it means to be a sustainable city?

>> To be sustainable you have to address the needs of everybody of all ages and being realistic in doing so. all the various things have to be addressed on different levels for the different populations in order for a city to survive.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. Weighing interest of property rights versus community impact or community needs, can you share with me your philosophy on weighing those two different opinions or two different interests in some cases?

>> I'm sorry can you repeat that for me?

>> Councilmember Rocha: Property rights versus the impact to a community of a particular development. I know not having an application in front of you but generally how you weigh the two interests.

>> As someone who owns a property they are entitled to certain rights as an owner. However those rights shouldn't encroach on somebody nearby or another intnt or another group in such a way that it ruins the quality of their life. And that's why we have policies to address those rights that way, I'm an owner therefore I'm entitled to so the policies are in place to address both sides of those particular group to make sure there's a fair outcome as best as possible to meet both sides of the needs.

>> Councilmember Rocha: Thank you.

>> Mayor Reed: That concludes our questions. Thank you very much. You're welcome to stay or leave it's up to you. Our next applicant who would be Ed Janke I believe. Good afternoon Ed welcome.

>> Good afternoon Mr. Mayor.

>> Mayor Reed: Thanks for your interest in this we'll give you a couple of minutes to say why you think we should appoint you and then we'll do some questions.

>> Okay, thank you. I'm pleased to be able to speak with you this afternoon and brief background. I'm an architect, I practice in San José. Formerly, I was architectural advisor to the city of Campbell and I was on the City of San José historic landmarks commission for ten years. I was also on the unreinforced masonry task force and most recently on the BART to San José and high speed rail design standards. And I believe in the planning process and the process that is a reasonable step to allow public input, and I look at this, and the opportunity of the Planning Commission, as a sort of an extension of some of the things I've done recently and in my career. Essentially, as commissioner to review, listen, discuss and recommend, and from the point of view of being an architect, I see a lot of exciting things that happen in the planning venue. The idea of the urban village, the idea of doing infill that would reduce the jobs and housing imbalance and transportation, and lastly, the opportunity that I think we're faced in this new century of building for quality and not quantity. And with that, I would be pleased to answer whatever questions you have. Thank you.

>> Mayor Reed: Thank you. We do have a few questions. Councilmember Herrera.

>> Councilmember Herrera: Thank you very much for applying Mr. Janke are for the Planning Commission.

>> Thank you.

>> Councilmember Herrera: I had a question on land use function. The city charter limits the duties of the Planning Commission to land use and property use. Do you foresee you would have any problems delegated to the

Planning Commission and not for example attempting to make recommendations on nonland use issues outside of the purview of the Planning Commission, and can you elaborate, whichever way?

>> Well, in other venues, as an architectural professor, as advisor to the city of Campbell dealing with architecture and dealing with issues of high speed railed and BART, I see my job as one who would review things, answer and discuss and respond in the terms as presented, and try to understand, first and foremost what the boundaries were that comment had to be made. And fairly well stick within those boundaries. In no case were -- did I ever see any issue nor would there be any times that it would cause any grand standing or opportunities to go off on tangents. It is not the job and not what it should be. It is an advisory job, position to the city council and is to provide citizen input and things like that. So I'm not sure if I answered the question, in -- to the degree that you wish but it would be --

>> Councilmember Herrera: You answered it, thank you.

>> Thank you ma'am.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Organic, thank you for signing up Mr. Janke, I'm over here.

>> Oh.

>> Councilmember Pyle: I wanted to ask you, what do you feel would be your personal responsibility ethically speaking as a commissioner?

>> Well, first of all, to give it my level best, in terms of bringing forward a lot of experience in dealing with issues of building and land use and planning entitlements to the forum. To listen, evaluate and to review, and recommend these issues in a manner that is consistent with what the commission should be doing. But I have a lot of

experience in a lot of different things that deal with architecture and planning and urban design. And feel that my responsible would be to allow that to coalesce in a manner that would be appropriate for the task and the deed if you will.

>> Councilmember Pyle: Thank you very much Mr. Janke.

>> Thank you ma'am.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor and thank you for your applying and taking the time and willingness to serve. I had the opportunity to serve on Planning Commission, it's certainly a very challenging role and I want to propose a hypothetical that comes up on occasion. Imagine you have a project that you're in favor, a housing project appropriate density near transit but there were a large number of neighbors that came out in opposition. How would you approach the meeting, that issue, regarding your decision as well as how would you approach the public?

>> Well, if neighborhoods were coming out in I wouldn't say opposition, but to comment in a less than favorable manner, I'd be very curious to see what it was that they were complaining about. And in that regard, it is I think incumbent upon any commissioner, regardless of what the venue is, to listen very hard to what it is that they have to say. Fact of the matter is, most people are loath to protest or to state things in a manner that's adverse to government I think, not to mention what's happening on the plaza, that's a different issue. But I think they're investing their time, their energy and their spirit in this, and I think they need to be listened to. And it could be that it's a matter of perception that the particular groups may not see it as the developer or the person seeking the entitlement does, but they are -- may have difficulty with jargon or other things. It is a matter I think and I did this as a teacher of looking at different ways that perhaps they would understand what is being proposed, and likewise, to see if there's any sort of tradeoff that can be garnered out of the entire dialogue. So I think it's largely

a matter of understanding where the differences are, and then trying to help in a manner that would facilitate the differences that would yield a positive cause.

>> Councilmember Kalra: Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. And thank you, Mr. Janke for applying for the Planning Commission. What do you think it would mean to maintain a sustainable city?

>> About to publish several books. In all seriousness, a sustainable city? Oh my. It deals with elements of conservation and preservation and utilization of things that are before us. I think in terms of sustainability and in the built environment, and some of the greenest buildings are the buildings that don't get turned down. Adaptive reuse is a very good thing for that. Other issues of sustainability have to do with one of the initiatives I think going on now, just the idea of plastic trash bags and that sort of thing and how they really aren't contributing much for their limited use, and their limited cycle. So the idea of sustainability and that type of thing, in a community. I think permeates all levels of just daily life. And I mentioned earlier that we need to be building for quality, not quantity and part of the quality has to deal with all the things that wrap around everything that has to do with not only construction, but how we live our lives. And I think we as a society and to be very general about it, need to look very carefully at how we utilize the things on this finite planet.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you very much for applying Mr. Janke, hope your day's going well.

>> Yes, sir.

>> Councilmember Oliverio: So having been a resident here for a long time you've seen things come through the Planning Commission and ultimately to the city council have you thought of any projects that have passed through in the recent past that you thought was a bad decision?

>> I -- I really can't think of things that were bad decisions per se. It could have been that they're framed in a manner that I didn't --

>> Councilmember Oliverio: Or if I may rephrase instead of using bad, just something you would have disagreed with, you would have voted no?

>> Well I mean maybe Santana Row is something I would disagree with but on the other hand its success is sort of -- underscores its difference and so therefore I think it's type. You know, I recall the protest that went up when the arena was going to be built. I was for the arena of course. But you know, those naysayers at that time, have seen it to be a tremendous boon to the city. So I really don't see any negatives there, sir.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Mayor, Mr. Janke thank you for all your past service to the city and for your willingness to serve more particularly given your remarkable background and sense in architecture. I know that we on the council and on the Planning Commission at various times in the past in the last decade or so have heard complaints in the community about designing balconies and door steps from the dais. And I can imagine as an architect there may be some temptation to engage in that. How do you feel about that, in your role as a Planning Commissioner?

>> And you're saying that from the dais, things are overdesigned or the commission would be meddling in things of relatively low order that they shouldn't be?

>> Councilmember Liccardo: A criticism that perhaps we might engage in micro-design for lack of a better term, I just admit, invented it, of projects when the question that's squarely before the Planning Commission may simply be a change of zoning.

>> I think that's a very real thing, and you know, it's a temptation that most do have, when dealing with an issue that has details and everything has details. You know, you're given a telescope, you have to at times be told which end to look through. And I think that's appropriate. And the reason I say that is because if I find myself personally in my office or dealing with, say, the works of colleagues, or on review panels I've been on finding myself getting into if details too deeply, I really want to drawback and say hey you know we need to be looking at bigger pictures and higher-order things knowing that those that handle the details will be able do so competently. I think it might be a criticism that has been well founded. But it's an issue that most should guard against when dealing with this. You know, let's think about the suit of clothes before we think about the buttons that type of thing.

>> Councilmember Liccardo: Thank you.

>> So yes.

>> Mayor Reed: Thank you, that concludes the question. Thank you very much for your interest in the commission.

>> Thank you very much for lining to me, good day.

>> Mayor Reed: You're welcome to stay or leave either would be fine.

>> I will stay. My wife's not going to be here for a while.

>> Mayor Reed: We won't be offended if you walk out in the middle of our meeting, a lot of people do. Next applicant is Tim Quigley, welcome.

>> I'm Tim Quigley, I've been a resident off and on for the past 42 years. Azores TV 45 years of professional broind as well as public and community service to promote a balanced business vibrant and healthy sustainable community and I don't think this is going to stay up. Here we go.

>> Mayor Reed: That's good enough.

>> I know I've provided you background I'm a Vietnam veteran pilot strategic planning and negotiation. My specialty was urban planning, development and management of military base communities. During the 1980s, I was oversight responsible -- with oversight responsibilities for 23 U.S. navy base communities in Europe. From 1989 to 1991 I served as commanding officer of Moffitt field naval air station which was mayor and City Manager as a combination. Most notable achievement string beyond what you've already been provided in a background included establishing a sustainable community and land use planning process requesting and initially managing EPA, national priority cleanup which continues today, and managing the recovery operations for the Loma Prieta earthquake, negotiating federal agreement to complete light rail linkage between Sunday and Mountain View, completing the trail link between Shoreline, Mountain View and lock heed campus in Sunnyvale for the 52-mile San Francisco Bay trail. Developing and building low income off base military housing and managing the transportation of high technology and communication equipment from Silicon Valley businesses to support the military in the first gulf war. Since leaving the navy in 1994, I have dedicated myself to all major community aspects of San José. In the 1990s I was CEO of the Silicon Valley defensive space consortium which was an association of 23 companies from the established defense and communication industry base. And the 67-member Silicon Valley global trading center, which focused on developing opportunities for small emerging e-commerce businesses, a precursor of our present day plug and play networks. In the past decade I'd worked with the City Manager and all the major departments on a variety of activities. The most notable of which include the mayor's gang prevention task force of which I remain on, as vice president of the San José conservation corps, a founding B.E.S.T. grant community partner. In addition I've developed trained exercised and managed the City's volunteer

disaster plan in force today and served as chair of the Hurricane Katrina resettlement program for the 103 spieflyg families which eventually stayed in the valley. cap grant program manager for the last three years working with the neighborhood associations and our 18 major ethnic and racial off ramps and highway areas in San José. Currently, vice president of the San José police foundation board and vice president of the San José -- St. James place homeowners association and have been active in advocacy of the city master plan reclamation and development of St. James park and promoting infill high density housing for downtown. In sum my cumulative experience in organizational experience' active grass roots program development provide me with unique holistic qualifications which will enrich the perspective of the Planning Commission and benefit the city long term in yielding a truly business balanced vibrant and health sustainable community. It would be an honor to serve and I ask your support in appointment to the city Planning Commission for remainder of the term. Thank you very much.

>> Mayor Reed: Thank you for your interest. We'll have a few questions. Councilmember Herrera.

>> Councilmember Herrera: Tim, thank you. I don't think I've ever heard all of your experience listed. Wow, what a breadth of experience and thank you for your service to our country. I have a question on land use function. The city charter generally thriments powers and duties of the Planning Commission to land use and development issues. Do you foresee you would have any problems adhearing to the roles and nonland use issues outside of the purview of the Planning Commission? And whatever your answer is elaborate a little bit.

>> I take your question as a conflict of interest issue.

>> Councilmember Herrera: Planning Commission does land use.

>> Well, land use I would have no problem limiting myself to those issues.

>> Councilmember Herrera: Could you maybe elaborate a little bit on any situation or elaborate a little further on that?

>> I would have no problem limiting myself to --

>> Councilmember Herrera: Okay, great.

>> Land use issues.

>> Councilmember Herrera: Thank you.

>> I've had a broad variety of experience working with the city in any number of areas, I can wear many different hats in this particular area. If you hire me for this position which I earnestly ask for your support I would have no problems serving to that committee.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you. And thank you Mr. Quigley for joining us in wanting to serve. My question is what do you see as the ethical obligation of a Planning Commissioner?

>> The ethical obligations of a Planning Commission is to open mindedly take a look at the issue that is before us on its merits, and its application. And compliance or adherence to the general master plan. I would not have any other agenda other than taking a look and evaluating a particular issue on its own merits.

>> Councilmember Pyle: Thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. Tim thank you for applying and obviously for your service, remarkable resume and I'm not going to ask how you would have time to serve but I am going to ask a question I

have posed to others, based on my Planning Commission experience, it is certainly a challenge of a role to be in. Your research, appropriate density for housing project and near transit. But you have a large number of neighbors of the project show up to oppose the project during the Planning Commission meeting. How would you approach that item, in regards to what your decision would be, as well as how would you approach the public?

>> Well, first, a major portion or a major responsibility of the commission is to enable the community to have full input and to allow that dispassionate, although sometimes not quite so dispassionate decision to occur. While I would certainly study each issue and its own background, the input of the community would also -- you know Harry Truman used to say when whenever he took a look at an issue he took every bit of information he could find on that issue and make a decision. And if he woke up the next morning and found out he made the wrong decision he would add that information and make another decision. It's that philosophy I would use. If I'm segues to that decision and the community presents itself and provides information that adds to that decisioning base that allows me to make a better decision I would not hesitate to include that community interaction. In fact I will include that community interaction as part of the decisioning process.

>> Councilmember Kalra: And what if after community input it didn't sway you at all? How would you interact with the public, in expressing your opinion on that item?

>> Again, I would explain why I came to the decision that I did. But I wouldn't hesitate to come to that conclusion.

>> Councilmember Kalra: Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you mayor and thank you Tim for applying to the position of Planning Commission. What do you mean a sustainable city?

>> To me there are many aspects to putting together a community. This particular charter is specifically towards the planning component of that community. But in taking a look at the land use issues and that aspect of planning you have to take into account growth factors. You have to take into account a balance between industrial use and community use. The housing -- the mix of how you would apportion and interact the components of community to assure that you have taken into account housing needs for the industrial base that you would be looking at for that -- for a particular component. So sustainability for me is assuring that you have the base, the base for assuring that we take a look at environmental elements that we take a look at technology, technology application for the future, so that there are transportation infrastructure aspects and a broader -- a broader picture of the community.

>> Mayor Reed: That concludes our questions. Thank you very much.

>> Thank you very much.

>> Mayor Reed: You're welcome to stay or leave, it's up to you. We have one more applicant to interview, that would be Peter Allen. Mr. Allen, welcome. You request take a couple of minutes to tell us why you think we should appoint you to the Planning Commission.

>> Some of knew already. I'm going to take a question out of your box right now and just ask myself why do I want to serve on the Planning Commission, I figure that would be the first question I'd ask in your position. First and foremost I'm passionate to make San José a better place to live, better place to work and play. Vacant property most recently occupied by Zanotto's over the past 30 years I've had the unique experience of watching San José grow up pretty much around me. I've lived in a number of our distinct neighborhoods, I've seen the effects of urban development, smart growth there remains a great deal of unrealized potential in San José but the envision 2040 general plan update is blueprint for industry and innovation it reflects our diverse cultures and shared heritage. While striking a balance between fiscal and environmental sustainability. It generations while creating a livable walkable city for all of our residents. Once adopted by the council it will serve as the ultimate guide for any decision made by the Planning Commission. Now as a commissioner I would consider each project in the greater context of city wide development and in the final analysis make a reasoned decision based on the

policies I'm entrusted to follow that would benefit all of our residents. But most importantly, I'm here today because I want to serve as a representative of the generation that's going to inherit this city. A generation that should apply key role in determining its future. It's encouraging to see other residents taking the important step to volunteer to serve but the next step is up to you. Had in addition to ethnic, geographic gender equity which are pair mound on any boards and commissions that are generational equity when making today's appointment to this critical post. I'd be honored to serve you and all the people in San José. I'm humbled by your support and.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you Peter for applying to the Planning Commission. I have a question on land use function. Development issues do you foresee you would have any problems adhering to the roles and functions delegated to the Planning Commission and not for example attempting to make recommendations on nonland use issues outside of the purview of the Planning Commission?

>> Well, councilmember if it's outside of the purview of the Planning Commission that's really not the job of the Planning Commissioner. We are here to rule on applications as they pertain to the applications of the general plan and how it conforms or doesn't conform with the policies that you have set out as councilmembers. I'm there to uphold your policy, I'm not there to make any recommendations beyond the purview of the Planning Commission so it really would not come up as far as I could tell.

>> Councilmember Herrera: Thank you.

>> You're welcome.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you for applying, I appreciate that. Could you tell me as what you see as your ethical duties as a Planning Commissioner?

>> That's a very good question. Ethically, you need to be respectful of the job of the people that put you in the position, the council, policies that the council set in place for the commission to follow. But also in relation to the community. I think it's incredibly important for' to involve the community in any decision made by this body or by the Planning Commission or by the Planning Department. It is incumbent upon us to do as much outreach as much communication with the public as possible to make sure we get a full understanding of their concerns but also that we inform the public the full extent and the meaning behind our decisions and the decisions we have to make because oftentimes I know this from being on both sides of this situation that the public can tend to be a little confused because they just don't have enough information on an issue. So I think it's incredibly important to make sure they're informed on every issue that we consider.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you mayor. Peter thank you for your continued desire to serve. I'm going to ask you a question in a second, just so I don't have to do that later, one is I apologize for my incessant coughing, I've been pounding cough drops and drinking water. I apologize for that if that's been a distraction for anyone. Also we've had at least two dozen people apply. This has got to be one of the toughest decisions because we have some incredibly qualified individuals so I want to thank all of you for willingness to serve but I regret you putting us in this position because it's certainly very difficult and for any one, for those who may not be selected, please continue in your desire to wanting to serve on other commissions or your desire because we are lucky because we have so many people lucky to serve in this capacity. Peter based upon my experience as Planning Commissioner very challenging role. And I just want to pose a hypothetical in which, which is relatively common. You have a project you feel comfortable in supporting, high density near transit, you have a large number of neighbors that come to the Planning Commission to oppose it. How would you approach the public during the meeting?

>> Thanks for the question councilmember. Really first and foremost as I said before, my allegiance is going to be to the general plan so if the project conforms, if it meets the code, meets the land use specifications for that

property then I'd be inclined to support it. But in terms of lining to the public as I also said to Councilmember Pyle's question you really do need to respect every single opinion. You need to listen to every single opinion and oftentimes I think if you do listen you'll find that there might be some truth there that might be missed at some point in might be some nuances that might have been missed. I think it's incredibly important to know the projects, to get out there and actually see the site itself, to get the know the concerns in a little more detail and also to make sure that the entire community is aware because I find also oftentimes you see a small portion of the community coming into active on a subject and advocating on a subject without really getting a sense of how the full community feels about it. So making sure that the entire community is aware of the issues and that we listen to all their concerns. But again when it comes down to it you're making a decision on circumstances that are in place and that's all the purview you have.

>> Councilmember Kalra: The reality is, they send notices to the entire neighborhood and usually it's only the ones that are opposed to the project that will show up.

>> Very true.

>> Councilmember Kalra: We can't get the word out to the entire community as much as we like to.

>> I think the city does that as much as possible thank you for your question.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor and thank you Peter for wanting to serve on the commission. What do you believe it means to create and maintain a sustainable city?

>> That can be a pretty broad question. A lot of things, a lot mentioned in the general plan update. Creating a sustainable community resolution around a sustain resolves around the sustainable environment, reduce infill as much as possible, but learning to do that in a smart way around transit hubs, making sure there are smart

communities that people can walk, bike or take a train or a bus to pretty much any amenity they need, work, shopping, play. And really ensuring that we reduce not only our effect on the environment but also the impact on our fiscal situation. I think there's been some times in our past where we've gotten the cart ahead of the horse in a way and have developed a ton of housing without really the economic base and the jobs base to back it up, so I think this current plan that hopefully will be approved later this month by you guys will set us on a path towards doing that so I'm actually really excited on getting to work on implementing that plan. But there's a lot involved in it and it unfortunately cannot be constrained to a two minute answer a lot of time but I think I've pretty much touched on a number of the points.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you Peter for applying. In your comments you mentioned projection that were positive and not so positive. Can you think of a project that has passed the Planning Commission and the city council in the past two years that is something that would you not have seen?

>> I'd rather not get into specifics but in a general way, for decades past even before my lifetime there really wasn't much of a plan for developing the city and there really wasn't much of a long term overarching goal. We seemed to move out to our boundaries of the valley as quickly as possible, develop as much as we could bring as many people and businesses to the city as we could. Now there is a more sensible plan, it is a challenge implementing it. I don't want to parse out any individual decisions. I think overall we are headed in the right direction. But you know, there will at times be challenging decisions we have to make but we always have to come back to the plan that is in place and see how we implement that to the best of our ability.

>> Councilmember Oliverio: So we can take that as a backhanded compliment that anything that has been passed by the Planning Commission is fine with you over the past couple of years.

>> If I have my opinions on land use and in that regard follow in close line actually with the general plans that we've developed over the past 20 years, the 2020 plan and the 2040 plan. So but no I don't really, I can't really think of any specific issues that I could bring up with you right now.

>> Councilmember Oliverio: Since you mentioned that in your comments I thought I'd ask. Thank you.

>> Mayor Reed: Councilmember Rocha.

>> Councilmember Rocha: Thank you, mayor. I'm interested in hearing your thoughts on weighing property rights and community impact on private development, I think that's a tough question without a specific application in front of you but generally your philosophy in how you look at those two competing interests at times.

>> With any decisions you make you do have to balance all opinions, you have to balance all stakeholder opinions and interests. When it comes to private property owners you have to respect their rights as well and see if there's anything that can be done to develop the property or to change the designation in a way that benefits them as well as the city and as well as the surrounding area. So I think you really in general would I take a balanced approach and want to hear from all sides first but really when it comes down to it you know the basis for all decisions isn't the plan it's in the policy. As far as any nuances you have to work with all stakeholders to get the most equitable solutions.

>> Councilmember Rocha: Good answer.

>> Mayor Reed: You are welcome to stay or go. We are done with the interviews. That was the last of seven folks that were here that were selected for interviews so now we have got to get down to making selection. Councilmember Liccardo did you have a question?

>> Councilmember Liccardo: I just wanted to make a comment. I really hope folks that are here will consider coming back because we had an exceptional field that made it very difficult for us, great diverse backgrounds that would be great open the commission.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: I wish we had more than one position. It's a very stellar group.

>> Councilmember Rocha: I third.

>> Mayor Reed: There will be some more come June I believe, we are rolling over some additional positions. Okay we have the capacity I believe to vote by screen.

>> Dennis Hawkins: Yes, Mr. Mayor.

>> Mayor Reed: Okay. Do that, we got to pickup up what version, there you are. We have an instance where we have one position, we are going to vote for one. If we don't get anybody with six votes we'll drop off the zeros and ones and work our way up. On these votes these are ones which councilmembers are not required to vote so you can basically vote no by abstaining if that's your choice although I think we had some pretty good candidates in the pool. Shouldn't be a problem making a selection for everybody. All right, ready to vote? The polls are now open. Are they?

>> Dennis Hawkins: I believe so, yes.

>> Mayor Reed: Electronics all lined up. Polls are open. Vote for one. Okay, the votes are in, this is quick. This electronics thing, maybe there's a future for it. Well, let's seize Doris Yob has eight votes, definitely more than six so that is the person we've selected to fill spot on the Planning Commission. Did I read that right?

>> Dennis Hawkins: Yes, Mr. Mayor. If I could just for the record that Dori Yob supporting her were Mayor Reed, Councilmember Constant, Councilmember Kalra, Councilmember Campos, Councilmember Oliverio, Vice Mayor Nguyen, Councilmember Herrera, and Councilmember Rocha, voting for Mr. Barry was Councilmember Liccardo, voting for Erik Kaeding was Councilmember Chu. And Councilmember Pyle voted for Tim Quigley.

>> Mayor Reed: Okay, thank you very much. We keep the names on file and if we have other openings before June 30th it's possible we might select again from this pool or whatever.

>> Dennis Hawkins: Yes, Mr. Mayor we keep the applications on file for one year.

>> Mayor Reed: Okay. Thank you all again and let me echo my colleagues comments it was a really good pool. We really appreciate it. Unfortunately we have only one spot to select. Thank you, that concludes the Planning Commission item. We still have a couple more items of business before we finish with our meeting. So we're going to switch staff again. Moving our agenda to 4.3, the habitat conservation plan. This is a replay. We have been discussing that as a time for us to make a decision about moving forward. And you may recall that earlier in the day, with the annual report there was an allocation of a \$100,000 reserve for the cost of moving forward. And we've had a lot of discussion on this so I don't anticipate a lot today, I hope we don't have a lot today but we do have some people who want to speak. We'll take that testimony in a minute. I want to thank staff for the progress we've made, it comes out as a cost benefit analysis, what's in it for the City of San José and what it's going to cost the City of San José. I think the issues we've identified are pretty clear with previous meetings and I'm pleased with the progress getting other regional authorities involved because that certainly improves the benefits for us. I'm prepared to move ahead knowing we don't make a final decision until the work is completed but we did budget some money earlier today to complete the work. Councilmember Kalra.

>> Councilmember Kalra: I agree mayor, I think that really we have to look at the total sum of the work that's been done on this. And I think there have been a lot of concerns that have been raised by environmental groups, by the development community and a lot of very legitimate concerns and I think for the most part they've been addressed. I do think there's going to be a continual need to work on this and it's going to improve going forward

from even where it started but I do commend the Planning Department, the city attorney's office, I know the Planning Department spent a lot of time into this and I don't think that by itself is reason to support it but I think that the actual work that has been done is reason to support it. And so I appreciate the City Manager's budget office from allocating the funds, which you know, given the amount that's been put in, I think that it's a small amount, given what we're going to get out of the ultimate plan. And so you know, I certainly would encourage colleagues to support the recommendations being put forth, and I don't know mayor if you want a motion now or wait until after staff presentation if there's going to be --

>> Mayor Reed: There's not going to be staff presentation.

>> Councilmember Kalra: Then I want to make a motion to approve staff recommendation.

>> Mayor Reed: I think Councilmember Liccardo make the second. I have some people that want to speak. Councilmember Herrera did you want to talk first?

>> Councilmember Herrera: Joe, I just had a quick question about the board of supervisors and their vote. Can you just -- what kind of impact would that have as we're moving forward?

>> Joe Horwedel: Sure, so the Board of Supervisors did vote 3-2 to proceed with the implementation next stage, budget of about \$100,000, similar action before. They also had a budget action to add the money into their budget. And because their budget requires a 4/5 vote there revenue from all the different local partners so that prevents the county from acting as the contracting entity. We are working between all the local partners to see how we amend the contracts that were done by the county that expire at the end of the year to see whether the Water District does that or the, heaven forbid the City of San José does that, I'm trying to avoid that coming our way. But that really is the implication of the county's action was a budgetary decision. I think if that occurred in June when they adopted the normal budget they would have five votes but because it was a stand alone issue it put that problem. We're concerned with that now.

>> Councilmember Herrera: I'm concerned with the toot duty following to us as the lead agency.

>> Joe Horwedel: .

>> Joe Horwedel: Contracts are not my best things worthwhile to be the contracting entity .

>> Councilmember Herrera: One last question. And can you talk about, a little bit about the partners in some of the -- I've heard things about consultants involved in this project. And maybe away kind of accountability do we have with some of the consultants involved in this project, all the money being spent? Do you have any thoughts on that?

>> Joe Horwedel: So the consultants group was selected by each of the cities. And county Water District, VTA that we jointly made that decision. We have our monthly meetings, and actually biweekly meetings with that full team moving forward. And that we do track work product to make sure that the consultants are not working on tasks that are not in scope. That we were very mindful around that, and especially that has been challenging is that we've been reworking the plan itself and refining it to make sure that the consultants stayed on exactly the things we needed to do. Ken shieb err works on manages the consultant contracts makes sure that all the billing work that they're doing is within scope and runs herd with them and then each of us as local partners run herd on Ken to make sure he's doing the job he needs to do.

>> Councilmember Herrera: So I guess the bigger question is, correct me if these numbers are wrong that the plan originally was going to cost a million dollars and three years to develop, that was the envisioning, in 2010, 7 million has been spent and we still don't have a plan. I want to make sure it stays in scope and there's not run away cost.

>> Joe Horwedel: Originally as we've gone through the plan we've added species habitat we added Morgan hill and Gilroy into this that originally weren't in the scope. We've dealt with water issues that weren't originally in our scope that we had to do rework on this happen. So the scope did expand I would say the million dollars was

always an optimistic number, working with the resource agencies, fish and wildlife, they have put over \$1 million for federal and state dollars have come in for cost, they've invested as the scope increased they've added more dollars to help with that.

>> Councilmember Herrera: But we don't expect the scope to continue to increase?

>> Joe Horwedel: No, the partners wanted to make sure that when we came back to ask each of our elected officials for more money we didn't want to be coming back and asking you for more money three months from now. We spent a lot of time looking at scope to make sure that what we could take out of scope to reduce our cost and then to figure out what the number was and say this is the number and being clear with the consultant team it feeds to, this is the number to close it out.

>> Mayor Reed: I'd like to take some public testimony at this time. Roland LeBrun followed by Melissa Hibbard and Brian Schmidt.

>> Mayor Reed, many of you are attorneys and I'm sure that you that the plan based on the misappropriation of county parks and park charter funds for the mitigation of nonpark impacts is a nonstarter. Back in 2001, the partners commitment to the wildlife, to the wildlife agencies was to study a plan, not to implement one. We have spent over \$7 million studying this plan and the time has come to say enough is enough. Please stop this now. Thank you.

>> Mayor Reed: Melissa Hibbard and then Brian Schmidt.

>> Melissa had to catch a drain, green belt alliance supports this plan. I'm Brian Schmidt for committee for green foothills. In a sentence, the habitat plan buys both environmental mitigation, and environmental enhancement, in bulk wholesale amounts, and bulk wholesale prices. That's why it should go forward. Significant improvement in the draft habitat plan over the last year is that it has been changed to reflect the policies in San José's draft general plan proposed by its task force. These changes assume that south Alameda valley and mid Coyote valley

will remain mostly undeveloped which significantly reduces the amount of habitat mitigation that's required had and the cost in the habitat plan. On the other hand, there's another part of San José's draft general plan that needs further incorporation into the habitat plan. And that's policy, proposed policy ER 7.5 and it reads, support the ongoing identification and protection of critical linkages for wildlife movement in mid Coyote valley. Nothing in the habitat plan has been changed to reflect this proposed San José general plan policy. And I can't speak for staff but I'm thinking the reason for that is that they believe it is at yet unclear what this new draft general plan policy will mean for San José. What I think you can do, as city council members, is to communicate to staff that you believe this draft general plan policy recommended to you by your task force is a good one and one that you support, and that the habitat plan should identify opportunities to protect wildlife movement in mid Coyote valley and one reason for doing this is that there could be opportunities for outside funding that will not cost San José a dime. But can still help promote this San José policy. So for that reason I hope you move this forward and thank you for all your work to date.

>> Mayor Reed: That concludes the public testimony on this item. Any additional questions from the council? We have a motion. On the motion, all in favor, opposed? None opposed, that's approved. Next item is 6.2. Agreement with the air transport IT services for system maintenance and support at our airport. We have a motion to approve. All in favor? Opposed? None opposed, that's approved. Item 7.2, agreement with zero waste energy development company for commercial organic waste processing services. We have a motion to approve. I have a request from ZWED's representative Emily Hanson to speak. We'll do that now.

>> Good evening, Mr. Mayor, members of the council, it's late in the evening, thank you for hearing my testimony. I'm just here to really thank staff and also thank all of the city for having gone through the RFP process for the commercial redesign and for offering zero waste company for offering the staff did an excellent job on your behalf. It took us seven months and more hours than you want to know. We had multiple attorneys working on the case and ultimately I think we produced an agreement that will well suit both ZWED allied the hauler and the city for the next 15 years. The time line for our project development has been delayed a bit. As you know we are leasing the former nine par landfill from the city and we're going through the final process of developing that site. We've done the environmental review, we're working on the permitting, things have been delayed a bit but

we're very excited that we will be breaking ground early next year. What that means for the city is that for first couple of months we are going to be composting the city's commercial organics. The benefit of this actually is it's going to provide allied waste the opportunity to begin their process for conducting outreach to a completely new program for the city's commercial sector. So as they're working with customers to get cleaner materials, we're going to be in the process of identifying what those materials are, their composition, and it is going to give us an advance of running the facility knowing what the feed stock is that's going to be feeding that facility. So all in all that's a very beneficial delay and gives us time to build the facility. So I want to thank you guys for all of your work over the last couple of years. I think it's been a four plus year process and let you guys know that we're really looking forward to breaking ground and we'll be inviting all of you out there and again this is going to be the first dry permittation Diane aerobic facility in the country and we'll make it the first to be here in San José, so thank you.

>> Mayor Reed: Thank you. It's always good to be first. I think that's all the public testimony I had. We have a motion, if the clerk says we have a motion we have a motion. On the motion, all in favor, opposed, none opposed, that's approved. Congratulations I know it's taken a lot of work to get here. Any cards under open forum. We have no cards under open forum. That's the last item on our agenda. We're adjourned.