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City of San José Community and Economic Development Committee.

>> Councilmember Pyle: Going to begin with today's meeting and we're going to first of all since we've now been called to order, take a look at the work plan. There are three items that have been deferred. We don't need to belabor that. So if we go on to the consent calendar, we're going to begin with your report.

>> Paul Krutko: Yes, Madam Chair, there's no items on the consent calendar. So that's just -- the font is a little strange on the agenda. So we'll just get right into the -- straight into the reports, ready?

>> Councilmember Pyle: Uh-huh.

>> Paul Krutko: So I'm going to do a little brief report in terms of development activities in the last month or so. In the area of facilitating business and retail attraction. We have coordinated and provided information by request for some brokers working with the Bank of America on the sale of what was the former BA property. So BA is seeking, Bank of America is seeking services to market that property, and staff met with them and reviewed what we would want to see happen on that property. We continue to work internally with Cisco on a modification to their current development agreement that would allow Cisco to move forward with new development. That's something they are preparing for, they don't have a specific plan but we want to position them to allow that to go forward. I think some of you know, I think we put it out in a different briefing, we've been working with the owners and the project proponents for Garden City's card room relocation to North San José. Councilmember Liccardo knows we've been working on that one. In terms of corporate outreach we're working on 14 different companies, potential facility locations at this time. So the market is not where we want it to be but there seems to be again some movement in the market. People are looking at opportunities. So we can't name the names because you know, that's part of the game in terms of economic development. On workforce, wanted to let the committee know that we continue to pursue a variety of funding sources with different partners. And so the one that I wanted to mention today was that San José State has a -- taken the lead on an application for \$5 million to train 270 individuals in clinical and medical lab specialist types of positions, work with future program that is division of OED as their lead partner, and we would be responsible for the client recruitment and supportive services to that effort. In terms of youth, we will be holding, again funded through ARRA, there will be two graduations for older youth who went through the work experience in leadership program. These were 150 at-risk youth and they participate in a variety of work settings over the last year. And the stimulus funds were used to help pay their salary. So not only did they get work experience, but those families were assisted by having that opportunity. And lastly, later, right after me, Lee Wilcox is going to give you a briefing on where things are in terms of the downtown management effort so I won't talk about that. But the last one I did want to mention that we're excited about in the area of arts and culture is the national association of Latino arts and culture conference. It's going to be in San José April 14th through the 18th. It's their seventh national conference. The information I have is that this is the first conference of that organization that's been held in California. And it's going to be five days of concentrated activity. The host hotel will be the Marriott and we expect about 400 participants, and we think that as many as 250 will be from outside the Bay Area. So been an effort to raise funds from a number of our partner nonprofit organizations, they've raised about \$50,000 to support bringing them here. And this particular conference got an offer of support from a grant from the office of cultural affairs. Those are the activities that I wanted to highlight for this past month.

>> Councilmember Pyle: Well, thank you, you've been a busy one, that's for sure.

>> Excuse me, Madam Chair, we should formalize the requests that were made by the last board for the work plan, so if we could take a formal action to defer all those items.

>> Councilmember Liccardo: I'll make a motion to defer items B-1 through B-3.

>> Second.

>> Councilmember Pyle: All those in favor? All those opposed? That wins unanimously.

>> Councilmember Liccardo: Madam Chair, could I ask a question or two of the chief development officer.

>> Councilmember Pyle: Sure. With regard to the report.

>> Councilmember Liccardo: Paul, just with regard to the move of the card room to north San José, I want to just make sure we don't have a left hand right hand issue going on because this evening our general plan task force is going to be consider where growth is going to happen, and we still have the number 10,000 and some-odd number of residential units planned for that very small space there in south Rincon between 101 and 880. And, you know, barring 120-story towers which I don't think we're cleared to build there I can't imagine how we're going to get that housing to happen with card rooms with hotels

and other things that we want to have happen. So I'm hopeful that everybody's going to somehow come together and find whatever is an appropriate balance, given whatever we hope to see happen there.

>> Paul Krutko: Yes. I mean, we've been working with the owners and the proponents at their request. My understanding is, the site that they're involved in is a site that, a hotel use would be appropriate for. So we're doing our normal facilitative work and helping them understand the process, and they would like us to help facilitate that on a fairly fast track over the next couple months. So that's what we're working on. But your point's well taken, and the fact that it is a point that is probably true of the entire city. If you recall, with me, the exercise that we had with the outreach effort where people had the lego blocks and how much housing and how many jobs. You know, each lego block represented so much. And people had a great deal of difficulty allocating across the entire city, not only just in the area you're talking about. So it is going to be a challenge for us, and you in particular, as chair of the task force, is to bring that whole plan home.

>> Councilmember Liccardo: Thank you.

>> Councilmember Pyle: Thank you, Sam. And we're ready to move on now to the second item which would be the City Manager's downtown advisory committee and with us is Lee Wilcox. Please tell us about that.

>> Thank you, Councilmember Pyle. Staff is here today to update you on the City Manager's downtown advisory task and the efforts of last year and the work plan this year. Just really quickly, there have been a number of efforts for the past decade to improve the night life in downtown, starting with the economic development strategy which council adopted in 2002 and, most importantly, the hospitality zone assessment report which was adopted by council in 2007, which leads into the City Manager's downtown advisory committee which we're here today to talk about. Just really quickly, and a little bit of a historical background, when council adopted the hospitality zone assessment, council set five priorities for staff and for the report to achieve. And that was to diversify music entertainment in the downtown create a better pedestrian and downtown living experience, facilitate communication and streamline permitting and compliance, asset based documentation of the night life economy, and transition from night clubs to night life and establish a new branding campaign surrounding that. The report's divided into six sections and includes over 70 recommendations. Recognizing that accomplishing many of those initiatives would take successful partnerships, staff recommended the creation of a community based advisory group to facilitate the action items recommended in this report and the priorities that council had set in 2008. And also, a body to ensure the downtown is always focused on a vibrant, hospitable and safe entertainment center. In 2009, the City Manager's downtown advisory committee was created to aid in that implementation of night life initiatives. The committee functioned as an advisory body directly to City Manager Deb Figone and represents a cross section of the downtown community and is intended to encompass all stakeholders. The way we tried to set this up, obviously Scott Knies from the downtown association kind of someone who represents all of downtown business owners is very successful at working with his board and his membership, to ensure that those thoughts and wishes come back and also, we thought it was important to have representation of night life businesses owners from the 30 areas of the downtown. So John Conway from Britannia Arms and San Pedro Square is kind of an outreach person for that area. Dave Powell from San José Bar and Grille is from the historic district, and then we have Ben Soriano from South First Street Billiards to represent the sofa owners. And all three of those individuals in addition to Scott are very good at bringing back that message. The committee meets regularly to assist in the implementation of the action items as I've discussed, and of late has worked as a problem solving tool and proactive communication forum for residents, businesses, and patrons in the downtown. While the committee spent quite a bit of time on the hospitality zone assessment recommendations, the committee has spent considerable time looking at proposals and other possible recommendations from staff that council would finally vote on. This has included the research analysis and the implementation of the new entertainment zone policing model for the downtown, the cost-sharing recommending, adopted by council as part of the budget last year, the downtown zoning overlay which council will hear tomorrow at its meeting and lastly, the special events cost and fees that will be heard by this committee later. To grow on the successes of last year with this committee, staff and the committee have set a fairly aggressive schedule for this year. The slide in front of you represents a small portion of the activity the committee will be reviewing this year. While the downtown continues to evolve it is have successes and problems, this committee is intended to help achieve those successes and to fix the ongoing problems. One of the things that this group will meet next month about which staff is really excited about is the new joint coordination team and early assistance team. One of the priorities that

council had set for us was to facilitate communication and to streamline permitting and compliance for the downtown, so the committee and staff have worked on what's in front of you now. The joint coordination team is intended to meet monthly and will be overseen by the City Manager's office. The purpose is to review and coordinate new and amended application for night life businesses, review businesses that need proactive communication and possible technical assistance or training, and recommend possible enforcement actions where necessary. This team was formed based on direction from council and the City Manager to revisit the management and oversight and authority and accountability structures regarding downtown making a stronger communication link throughout -- throughout the city. The protocols for this group start with intervention first, always working with businesses, to make sure that they're up to speed on all existing, possibly new codes, whether city, state or federal, and to provide training where necessary, and to date this group has been meeting for probably three or four months now, and has been very good at working with the businesses so no enforcement action has been needed on anything, which is great. So together with the City Manager's downtown advisory committee and this group we really hope to push a lot of successes in 2010 that we saw in 2009. So with that we're ready for questions.

>> Councilmember Pyle: I'm sure we have some. Takers? Sam. Imagine!

>> Councilmember Liccardo: Lee, just wanted to thank you for all the work you've invested and Paul for all the coordination as well. I know this has been herding a lot of cats to get through all the various goals that we've had. I think it's been remarkable amount of progress in terms of being able to make some really solid accomplishments in streamlining, in certainly improving the collaboration between the clubs and the police in so many other areas. One of the questions I had related to title six. I know we improved in January an important effort that got us sort of past any of the legal issues we might be concerned about and also help streamline the whole process for a lot of applicants. I know that there are some permanent revisions that we're contemplating and the question is how likely is that to get to council before the end of the recess this spring? And what kinds of specific elements are going to be critical there that we need to get over the goal line?

>> I would say at this point in time, it's very likely that you will see these in either April or May and we have had a couple of small group meeting, a citywide meeting with another one scheduled in the next two weeks. We have five to eight points that we're working with the entertainment venues citywide, mainly focused on some flexibility around security requirements, the cost and the process to, you know, get the entertainment permit and renew it. So those are basically what staff and the night clubs are working on now.

>> Councilmember Liccardo: Great, thanks Lee. And I know we're considering a measure tomorrow which is an important one, as well, in terms of revising how we deal with C.U.P. and entertainment permit requirements particularly for clubs larger than 250 I think it's a great step, as well. I think we're all really heading in the right direction. I know we've got more work to do but this is a remarkable amount of progress. I also want to thank Scott Knies and the downtown association for all the work they've invested in and the many hours here at City Hall so thank you.

>> Councilmember Pyle: I think ash and then rose.

>> Councilmember Kalra: Thank you. I want to thank you Lee for all the work you've been done and I agree, there's definitely been noticeable improvements in the downtown ball everybody has worked together on any number of the different priorities that you mentioned. I think you can already see improvements that have been significant. And so I know that's been the work of a lot of people, but Lee, I want to thank you for being the one that has to herd the cats and kind of keep everybody on point. And I know that looking at the advisory committee we certainly have a lot of folks that have a stake in downtown and that want to see it succeed. And as I've said in the past, you know, I certainly think there's been improvement, I think there's room for much more improvement. But just want to make sure that there's still an opportunity for the organic growth to occur as well, and not -- and to not have it be strictly change that we like to see, but in addition, to some of the identified areas where we can all agree, there can be improvement including some of the pedestrian aspects, and allowing more diverse types of entertainment that we understand that you know, what works well and has worked well, of what is working well, what can be improved upon. But I think that you know, the downtown does bring in a very diverse group of folks. And I think we want to make sure that as we diversify the types of entertainment down there, that we don't alienate those that are coming into the downtown. And you know, ultimately the goal is to bring people into our downtown. Looking at the advisory committee in depth, a cross section of the downtown community I agree, but I think we could stand to and I don't know to what extent if at all this is occurring

but we can stand to reach out to folks that are customers of our downtown, and to see -- because that is the thing, one of the things the people that have not gone downtown don't know what's there and because they haven't been there a while it's changed a lot and those that do come down there frequently -- they like it and they like it for certain reasons. We want to make certain we are not alienating those that are coming in and are spending the money and are enjoying their evening in the downtown regardless of what their age is. And so I think that for me is leaving something helpful to make sure we add to what we have, improve in any issue areas we have, improve on those, but make sure that we don't just change in a way that we think, the way we change, but make sure that we maintain what things that there are in downtown, just add to them. I think add to them so that it becomes even more welcoming place to broader spectrum of folks.

>> Councilmember Pyle: Thank you. Rose.

>> Councilmember Herrera: Thank you, chair. Lee, fabulous work and the downtown, I'm always happy when I talk to people coming from out of town, and often East Coast folks that just really compliment us on the downtown. So I just wanted the chance to say that again. I'm just always amaze it at just -- I think it's beautiful but it's nice to hear it from people coming from downtown talk about what a great downtown, how clean it is, I mean, and all the different restaurants and things that are down there. So I can tell you that every single person that I've heard that's come here from out of town, doing business or visiting has positive things to say about the downtown. And I think that's to everyone's credit that's working on this. I just had a couple of questions. One was, I noticed on your list, and this is a great list. This downtown advisory committee, it looks like it's drawing from all different perspectives. Do we have -- is there a need at all maybe to have some input from the community that's the high-rise community, you know, the new kinds of residents that are going to be moving in just to kind of see what else we might want to include or might want to hear from them in terms of marketing outreach from the businesses down there?

>> That's a very good question. We do have Rick Freedman from Mesa development who built 360 on the committee and his voice kind of helps lend to that. In addition, there is downtown residents from the downtown residents association, Mona Onstead who is responsible for outreach to existing residents. But we will be meeting with the owners of the various high rises in the downtown within the next few weeks to talk about some of the quality of life issues that this committee will be hearing in the future, so we will be doing that outreach, yes.

>> Councilmember Herrera: Wonderful. And I guess the other thing just sort of ties into that, and it may not be the focus of your committee, but I guess my concern is how to help small businesses in the downtown get through this rough patch that we've seen you know the last couple of years with the downturn of the economy. I'd make it a point to eat at restaurants downtown not only at lunch but in the evening. I notice some restaurants are full and some aren't so full and I'm just wondering if there isn't any way to sort of help out, get the word out, leverage these people that are moving in, leverage the college community to sort of get the work out on marketing, especially in the short term for some these businesses.

>> That's an excellent point. I think one of the purposes of the group is to create better vibrancy, more people coming down here. I think one of the more important conversations that we've had thus far is, our downtown does have a lot of successes, a lot of pluses. But we never take the time to talk about them. And you know, when places like Seattle or Austin say well we're the live music capital of the United States, they just simply decide to call themselves that, they don't ever do it. They just talk about what's positive. So this group has had a lot of conversations, in addition to other stakeholders, that we need to start talking about the successes we've had downtown so all the business you know start seeing the benefits of that and you know create a place where people feel safe and excited to come.

>> Paul Krutko: So if I could add to that in sort of a completely way, out of last year's budget process and the mayor's budget message that the council adopted, there's a coordinated effort that Scott is participating in that Team San José is participating in in addition to city resources which is a kind of coordinated marketing group that Michelle McGurk is leading, to make sure the marketing message is coordinated and leveraged to get to your point Councilmember. So that it's parallel, one of the things that we have is a growing good story to talk about, now that we have, you know, as I recall where we were several years ago, with the committee meetings, that councilmember, former councilmember Williams was chairing along with Councilmember Liccardo, we've clearly moved the needle substantively in terms of having a structured approach to this, one of the key things the council did support was creating the position that Lee now fills, and that we are continuing to fund in our budget proposals. But we do need to bring those elements together, because we have a good story. The agency has done a tremendous good

work in terms of the physical form. We're trying to do much better in terms of the operational components. So the next piece is, how do we get that word out, not only to our residents but to the larger region. So that's a very good point.

>> Councilmember Herrera: And I guess the last thing I would say, the internet, for a lot of us it's kind of a free resource, there's Facebook and ways of interacting. There's a lot of yuck people who come to our downtown and who can put the word out. I would just think that any creative way we can use the Internet and to have some of our -- there's older folks using it too. I'm not so young but I use the Internet. Use Facebook, anything we can to really tell people our favorite restaurants, our favorite places to go to come down to just kind of create you know, create a desire to come there. I would encourage that.

>> I think the downtown association with their dining downtown campaign decided to focus on Facebook and Myspace and other internet portals and it was wildly successful. So I think Michelle's group, the coordinated marketing approach, has had a lot of discussions around that, and we will be plugging that group into the committee's workload to highlight those successes.

>> Councilmember Herrera: And I guess to Councilmember Kalra's pound, I think we should leverage the folks that are coming down there already. We've already got a lot of people who have already said downtown is great, we're here, if we could leverage them in a positive way using some of the technology that would be great.

>> Councilmember Pyle: Thank you. I know Scott, you wanted to speak. Are there other members of the audience wishing to speak? Okay, Scott if we don't have a card, we'll make sure you get one.

>> Good afternoon, chairperson Pyle, members of the committee, Scott Knies, executive director, San José downtown association, and member of the DAG. We have to call everything an acronym around here. And boy, we have come a long way since this was formed at the end of 2008. And communication has been really the biggest thing that's happened. I think it's a testament that the police department is allowing Lee to give this whole presentation solo here, another example of how far we've come developing the trust on everything, you know. It's going to be a walk in the park tomorrow with the zoning overlay. You don't have anybody coming in to talk about that because we've communicated it in advance, everybody's on board with it. That's another example how far that we've come. The DAG inherited a lot of work in the weeds a little bit on kind of police and community issues but we're starting to emerge out of that because of the great progress that we've made. There's so many people to thank. The first person is the City Manager, Deb Figone. She took a big step in creating this group and going after funding for it, and creating a position, and taking a chance and taking a risk that we could get our arms around this and be where we are today. Everybody communicating holding hands and making progress. And there's many people from the police department, starting with chief Davis, our downtown service detail, lieutenant Jeff Morozik, Captain Eddie Garcia, too many to list here, we're all working together on this. Probably the best example to leave you with is what happened last month on fat Tuesday, with mardi gras. We made that a nonevent. That was our goal. The media hangs onto stuff that happened ten years ago, making it sound like it's the conditions today. And it takes us a long time to filter that out. We had different deployment strategies that we worked on in advance, they were highly successful and we look forward to continuing that. Thanks again..

>> Councilmember Pyle: Thanks Scott. I can't help but put my two cents' worth in. I too have been hearing wonderful comments about the downtown and how much of a positive change there's been, how people are wanting to come down. I agree with Rose, I'd like to see a few more package deals. Especially for those of us in Almaden. It takes a lot to get people that have come home, in Almaden, to come downtown. It really doesn't take as long as people think. But beginning with that packages maybe for mother's day, Father's Day, graduations, you name it, it would be something to boost sales and get people to realize how great the downtown is. You got to be here to come with that observation. Lee, I want to congratulate you again for doing your typical stellar job. My buttons are bursting, I'm really proud of what you've done, this is great, thank you. With that do I have a motion to approve the report? Second? All those in favor? Opposed, that's unanimous. Thank you very, very much. Okay, with us now is the special events services and costs. And Kerry, will you be leading the discussion?

>> Yes, good afternoon. My name is Kerry Adams Habner, I'm the director of the office of culturally affairs. I'm joined today by Tammy Turnipseed, our special events director, Mike Wills, parks manager. I also want to point out that we have several colleagues in the audience with us this afternoon. We have deputy police chief Dave Cavalero. We have from the fire department Cara Capaldo, she's a senior analyst. And we also have Laura Wells, she's a deputy director of the Department of Transportation. We're here to talk to you this afternoon about our initiative we've been working on, to

manage costs of city services for outdoor special events. Our goal for this afternoon is to advance a package of strategies in a timely manner for the 2010 even season that typically is from April to November. And we have two categories of strategies. One is for revenue generation and also for cost reduction. And our goal is to link these strategies appropriately to the 2010-11 budget process. We've been working on this initiative for about a year now. It happened in February 2009, when there was a letter sent to the City Manager urging relief from high, rising and uncertain cost. This letter was sent by the organizers of San José's largest special events. This letter launched a series of meetings to identify the issues and the solutions. In October 2009, councilmembers Liccardo and Pyle submitted a memo to the rules committee regarding reducing the fee burden on events organizers. And also I should make note that in November of 2009, the arts commission endorsed the direction that staff is pursuing on this initiative. Then in December we gave a progress report to the committee, and they endorsed this direction we were moving in. And then over the past three months we've been working to finalize the set of strategies that we've discussed with you in December. So over the past year, we've had a set of guiding principles that we've led the series of conversations, and meetings of this work plan with. The first guiding principle is that the City of San José values outdoor special events. Special events are -- advance our cultural development and our economic development goals. They promote social capital that glue that binds us together as a community, they foster Cross cultural understanding, they build arts audiences, they promote cultural participation and then in terms of economic development goals they drive sales tax, the transient occupancy tax and also parking revenues. The second guiding principle was that of direct cost recovery. And that is event organizers should be charged for the actual incurred direct cost for city services. The third guiding principle is that minimizing service cost is a shared responsibility. It's both a responsibility of the city to provide the appropriate level and mix of city services to have a safe event in the community. This also on the burden of the event organizers to plan and execute an event that is safe for the city as well. And the fourth guiding principle is that these policies and practices and fees should be applied consistently to all event organizers. A brief snapshot on our annual portfolio of special events. Last year, we had a total of 427 events authorized in the City of San José. The majority of those are happening in downtown. They're what we call citywide. Citywide events. So over 55% happened in downtown. About a third happened in our neighborhoods. About 15% occur on private property. And the majority of these events are actually organized by nonprofit organizations. And so as such, our nonprofits have a very low threshold for financial risk. Now, I should also point out that approximately 1.7 million people came to those events. To make those events happen there's a citywide special events team that's comprised of staff and the police department, the fire department, the Department of Transportation, PRNS, general services and the office cultural affairs. The office cultural affairs authorizes the events. We have -- we serve as a one stop access point for event producers to work with the special events team. We convene the meetings, we do the communication, we mediate the appropriate level and mix of city services required for a safe event. We manage the relationships with outside agencies, impacted neighborhoods and council offices, and for these reasons, the OCA led this initiative over the past year and I should also point out that we led this with Kim Welsh our chief strategist with the City Manager's office. So over the past year our main challenge has been to balance interest. On one hand, we have this need for event viability. And keeping costs down. On the other hand, we have sometimes a competing need and that is, set the City's revenue needs. However, we have seen that there's been mounting signs of pain on the part of our event organizers. Some of these signs have been unpaid invoices, interest charges, event cancellations, and growing complaints. And then, another factor to bear in mind is that events help dry the economy. So in 2007, we had a consultant do a fiscal impact study, and that four events alone generated \$1.4 million in sales tax, parking revenues, and T.O.T. Those four events were rock 'n' roll half marathon, the San José jazz festival, the tapestry events and ZeroOne. So what are the fees? I'm not going to go into detail about all these fees. I'm just going to give you the highlights. We have fees for police secondary employment unit, permit fees and hourly staff fees, police, traffic enforcement unit, mostly hourly fees, the fire department, permits for inspections, hourly staff fees for inspections, transportation, permits for tow zones, the OCA, we have permit fees for the paseos and private property and then there are fees for PRNS and general services. We have a set of policies and guidelines that drive or guide our work and our fees. The first is council policy 5-2, festivals, parades celebrations, this policy underscores the cost recovery approach and that is the intent to recover the additional actual cost incurred for an event. The other policies that drive our work are Public Safety labor agreements, which outline and requirements for overtime and minimum callback time, the municipal code, they have requirements for the use of public and private property, city regulations and department

guidelines, and of course the national fire code. So taking all this into consideration we've been working closely with the event organizers to develop a set of ten strategies that we hope will help move the needle collectively and we've been working closely with the event organizers to determine what would be the most meaningful proposals we could drive for. So I'm going to turn it over to Tammy turnipseed that's going to talk about those ten strategies.

>> Thank you, Kerry. As Kerry mentioned there's ten recommended strategies, and they're broken into two categories. You've got event revenue generation and you have cost reduction. Some of these were easy and some of them were more complex that will require even more time spent by staff to really break down the layers. I'll start with the event revenue generation. The first one is suspended collection of 5% gate fee. And there's actually three areas in this one. We have to go to council to require or request the suspension of the gate fees for January 1st, 2009 to June 30th of 2010 which is this currently fiscal year. What we're hoping to do is get that gate fee taken down, and actually suspended, so that we don't have any collection. This will also require us to request a refund for one of our event organizers who has already paid their gate fees which in May of \$375. The other initiative we have with this particular strategy is that we put in for the fiscal year 10-11 to suspended the collection of the gate fees for that upcoming fiscal year. So there's three parts to that one officially. The second one is to increase per day, per ticket prices per gate events from \$15 to \$30. The last time we increased this was in 1999 and we did a consumer analysis index which gave us an idea of what we are charging currently and what would be the current rate today. Just under \$20 is what the consumer index recommended. The end of this initiative is a goal for two years, we thought we would prepare for the future and give a bigger, wider range. So the fees and charges for fiscal year 10-11 includes the per-ticket price to be the maximum per ticket price allowed per person to go from \$15 to \$30 per person. And that's the maximum an event organizer can choose to do that. We have some event organizers that only charge \$1 currently but this gives them that ability to do revenue generation on their own. Then we also had the increased number of vendor booths allowed in Plaza de Cesar Chavez. Mike will speak to this a little bit more effectively later on, but they are working with fire and Public Works and this will require some amendments to various policies. Now we'll get into our cost reduction strategies. We would like to implement a pilot program to utilize D.O.T.'s park traffic and patrol officers to blend and complement SEU staff with civilian traffic control officers. This per the city attorney's recent analysis this will require either a change of the municipal code to incorporate outdoor special events or the chief can deputized the PTCOs. We would like to move forward, and we are going to await further direction from the City Attorney office before we proceed. This would allow for a nice blend to complement the traffic officers and also to utilize just equipment at certain street closures that it's appropriate to not have staff at. We'd like to create a series permit for commercially zoned private property in the downtown. The commercially zoned private property is mainly in the downtown area, and what we have is a private property permit currently for one event is \$850. What we are proposing is that you could have up to three recurring events held on the same property within a four month period. The private property is a zoning code. In order for us to make any more dramatic changes for either industrial areas or any of the other spaces we would have to spend time addressing the municipal code and the requirements with that. But this was one of the proposals we felt should get out to the fiscal year 10-11 for consideration to have an immediate impact. We'd like to restructure the hourly rate for the fire safety inspections, fire safety permits plan and reviews. Fire has the highest hourly rate because they are 100% cost recovery and that includes salary, fringe, overhead and department overhead. So each time that is recalculated and it seems to be every two years it goes up roughly about \$10 to \$15. That is just a generalization. What we'd like to do is come up with a blended time for regular time and overtime. Most outdoor special events happen on evenings and/or weekends. This is a significant change if we're successful in pulling this together and it would be led by the budget office and the fire department because it requires quite a bit of analysis to come up with that blended rate. Another initiative we are proposing is to create turnkeys events in sofa and San Pedro square. This is key event location that we would like to be able to kind of establish a footprint, here you can use equipment, here you will need a PTCO or SEU officer and implement this so that staff and event organizers can move forward very quickly on a plan that is pretty well established. Potential reversal of traffic enforcement unit TEU police officers special events fee. Last year in fiscal year '9-'10 a proposal went through to allow the traffic enforcement unit to charge for on-duty. This was a significant change in the policy and it does have quite a bit of impact to outdoor special events that happen to fall on a day when you use traffic enforcement officers and they are scheduled, regularly scheduled for that day. This currently is being reviewed by the budget office and the city attorney's office. We'll also -- we're looking at reviewing and updating the PRNS

policies and guidelines held in both regional and neighborhood parks. There are several initiatives with that and I will defer to Mike in just one moment because I think he can provide you better details on those initiatives. And the last initiative we have is to promote the outdoor event cost saving planning tips which will be an evolving document that will allow people to help plan their events in the most cost efficient way as possible. Thank you very much and I'll move it over to Mike at this point.

>> Thank you for the opportunity to talk about the Parks, Recreation, and Neighborhood Services fee structure changes in highlighting a few of the successes we've had we're still work with the city attorney's office in addressing the profit and nonprofit use of the facilities, PRNS reports the concept but we're working with the attorney's office to see how that can be legally changes. So that office has that ant will continue to work with them in that regard. In the case of plaza park and the number of booths that will be changed, we're working with the fire department, in order to determine what the total square footage, available space is of that facility. As we add more booths we take up available space for people to stand. The fire department has an equation of how many people per square foot area that they require, in a group area. Adding extra booths takes up that space so we want to be sure that if we add extra capacity in the form of booths and so forth that we still are able to operate the park in a safe manner. In regards to the booths, we are able to work with our fees and charges policy to actually increase the number of booths in the park. We're going to base the guidelines on what the fire department determines but we're going to pilot this summer season with allowing ten extra booths at plaza park in particular. So currently we allow 35 booths under the guidelines. We'll increase that to 45 booths. We did deploy a fee structure that charges an additional \$50 per booth for the first five booths to offset some of the additional costs. So a group that would like 40 booths at plaza park would be charged in an amount to \$1400 plus \$250 for the five booths. So that would be \$1650. After that, it would be the same fee for 45 booths. If we determine that 50 booths can occupy the park or some larger number currently that structure would remain the same. We'd cap it at \$1650 for the booths. The last specific issue deals with the series events. The issue is brought up that when we get to 12 events, the fee rises steeply, roughly \$1200. Overall, the series event provides a considerable discount to the event promoters. It's around 50 to 60% discount provided. But seeing that the \$1200 jump once you get to 1300 dollars -- 13 booths is significant. We've changed this area to say once you get to the 12th booth, when you hit the 13th booth -- 13th event, thank you -- instead of going to \$1200 we're going to charge \$400 per booth after that, after how many events they have after that amount. So it does provide some relief to the event promoters.

>> Thank you, Mike. And also I should point out that our deputy fire chief, Ivan Lee, is here with us this afternoon in case you have any questions related to the fire issues. So again, our recommended action four is to accept the progress reports and recommend to the city council to adopt the strategies to reduce cost charge to outdoor special event producers and increase their revenue generation capabilities. Our next step is to present these proposed strategies to the council on April 6th, and we will be at that time asking them to reduce the gate fee collection for the 2009 calendar year and the remainder of this fiscal year. And I just want to underscore this presentation by saying that we feel very confident that this package of solutions will really help move the needle collectively for our event organizers. This is something I really want to thank my colleagues and the different staff for their work on this initiative.

>> Paul Krutko: If I could just before the council questions, the one thing I want to point out, is this is one of the continuous improvement areas, it is in an iterative process, so the staff no way, all the staff that was involved up to this point doesn't believe that this is the final set, there isn't more that could be done, that there aren't a lot of good ideas out there that should be explored. I think the point I want to underscore, though, is if you look at the memo and you look at exhibit B that's attached, we highlight the very last page of the package, is that the event work that we do has a substantial economic impact. And the council will recall that we have what I would conceive to be a very conservative model of estimating impact. We do statistical subsurveys and we only count the spending from folks outside the community and who aren't switching what they're normally doing, I can't remember the exact phraseology now, you recall if I'm in town already, to do something else and I go to the event, we don't count them either. So this shows, for this set of events, one set of snapshots, '06-'07, what the economic impact was. And then what's that in incremental impacts were. I think what the council does need to look at, is that these events do generate a significant impact in terms of employment, getting to Councilperson Herrera's earlier comment in the downtown, this is a driver for many of the small businesses to be successful, and they do generate revenues. The problem we have, is that the actual expenditure that, the fee charging, the different costs are all scattered throughout various city functions yet the revenue come in another door and we seem to lose the connect between the revenue coming in and the expenditure side. And so I think

that's something that we need as a council and as an administration to get a better handle on, how to do that. If a key event is generating a significant net revenue to us, we need to think about how we should be supporting the cost of that event to get the -- to the net. So that is just something I want to share with council. I've been thinking about this quite a bit recently and having some conversations with others and I'm sure we're going to hear from others. But that was a key message that's in the -- sometimes we look at the -- these are nice things to do, but I would argue in many substances, they actually are very significant to the neighborhood business centers that are having events, you think of the kind of things that happen in Willow Glen on the street, if you think of that as an example as well as the downtown, they can be a significant economic driver. So.

>> Councilmember Pyle: Okay, Sam I know you're itching to get your questions answers.

>> Councilmember Liccardo: Thank you, Madam Chair of your effort in the fall as well. I wanted to start where Paul left off, which is on page 2, it makes reference to that attachment B and it describes on page 2 is economic impact, in fact it's the fiscal impact is 1.4 million, right, that's the additional revenue, and that assumes all those events paid full cost recovery on their cost, more or less, is that fair?

>> Paul Krutko: Yes.

>> Councilmember Liccardo: Okay, so then do we have any idea what those costs were for those events that were listed on attachment B?

>> We don't have a breakdown of those city costs at this time.

>> Paul Krutko: Let me answer that question a little differently. We certainly can pull that information together. Tammy would have that. We just don't have it today, I think.

>> Councilmember Liccardo: Could I ask I just back of the envelope calculation acknowledge is that more or less than \$1.4 million?

>> The city costs are definitely less than 1.4 million.

>> Councilmember Liccardo: Okay, I think that's a terribly terribly important point here. Because I think full cost recovery has outlived its usefulness as to a about a significant category of events that we're doing. We're deriving more city revenue, this is an economic impact where people can argue about multipliers and whether unique visitors are really unique and all that kind of stuff. This is real revenue to the city's coffers, and I know Dave Cavalero's here, who I greatly respect, and a lot of the people he works with over in Public Safety. But frankly, the public safety costs are choking the life out of the events in downtown. And until we decide that the category of events, I'm sure there are more than a dozen of them, that are producing more revenue than they are costs where our costs are essentially creating a choice of the event producer as to whether or not to go forward or not. We're severely hurting ourselves, fiscally as well as all the other benefits that these events provide by deciding that an event will be charged full cost recovery if we know that's too great a burden for that event to go forward. And so I appreciate all the enormous amount of work that your team has done, Kerry and Tammy, and you know, our office is interacting constantly with Tammy and Kerry's team, because they're beating their heads against the wall. Every time we've got an event promoter coming to us, the producer says we'd love to do this event, it's incredibly tough times right now. Can you just give us a little break on the costs, because such and such event you know such and such sponsor backed out or they got to shave costs a little bit and every time the answer is our costs go up and it just drive us all nuts and you guys pull your hair out and you both have all your hair remarkably. And what is amazing to me is if you look at exhibit B you'll realize that that is completely contradictory to even our fiscal interest. So what I'd like to do, on April 6th, is to raise the question of whether or not the city council should proceed can this policy of full cost recovery as to all events. When we recognize there are -- there's a significant category of events where full cost recovery is counterproductive. And I'll make a motion shortly but I just want to kind of give you a heads-up about where I'm going. I think this is great work in terms of the revenue generation piece. I'm fully supportive of utilizing the park traffic control officers, and idea number 4 the concept number 4 on page 4, I know the numbers move around but the potential removal of the traffic enforcement fee, I'm wholeheartedly for that. If we wait until June all the event producers for the summer will have already been deterred from putting on their events. I think that ought to be accelerated. They're already paying for overtime officers, now they're going to be paying for on-duty officers who would otherwise be working anyway. I think that's remarkable. You know what we're trying to do is make sure that folks pay for the cost that they're imposing on the taxpayers. When they're creating net revenue, I think we have to take a step back and say this is not something we want to deter with full cost recovery. So I'm done preaching, I promise. I did have a question about these creating a series permit for commercially zoned private property in the downtown core. Why can't we simply revise the code, and those areas of the downtown core where we

expect to see a significant amount of festival type activity, and allow festival uses as part of the land use designation in some way. Where we know it's not next to somebody trying to get to sleep.

>> That's a good question. I just want to call out, echo what Paul said earlier is that this is really an effort that's going to continue continuous improvement. We looked at you know what are the things that we can do immediately to get this done and in place for the next season. And so this series permit was one of those things that let's get it in the fees and charges resolution now. Yes, we do see, there is a long term -- there is a need to revise the municipal code as it pertains to private property, absolutely. And one of the -- that is going to be one of the things we're going to be look at. It's just we wanted to get something done fast.

>> Councilmember Liccardo: Agreed, and I I realize you got to herd a lot of cats here, a lot of departments to get any move here and I think I appreciate what a great challenge it can be. I know we'll have additional input certainly from colleagues and from members of the public. I just wanted to throw out there where I'd like to see us go in April is, if it's realistic and you can tell me Kerry or Tammy if this is realistic where you could bring to us a list of events where the net new revenue is significant enough that we ought to be reconsidering our full cost recovery approach. And so that we can have some sense of what that looks like. And have a discussion about it at the council level. And then also, whether or not it's possible to accelerate the cost reduction items number 1 and number 4 relating to the --

>> Okay.

>> Councilmember Liccardo: -- parking traffic control officers as well as the repeal of the TEU fee. What that would mean and all that. Eventually I want to make a motion but I'll want to hold off.

>> Paul Krutko: Councilmember, if I could just engage in a little bit of dialogue here.

>> Councilmember Liccardo: Sure.

>> Paul Krutko: Number 1, we put that forward in terms of a recommendation that had been discussed internally and you know, this is -- we always try to close all the loops and make sure everybody's involved. But we had at least in the last day or two, some concerns raised about the municipal code aspects of number 1.

>> Councilmember Liccardo: Okay.

>> Paul Krutko: Now what I've told the staff is, that's never reason not to do something. We just need to flesh out what is the municipal code change that would be required. We also understand that there is some concern, and potentially we need to do some additional outreach with the POA on that one, and Dave could probably speak to that if necessary. But the POA's expressed some concern about this one as well. And so the city attorney's office, attorney assigned to D.O.T. has looked at this and their initial feeling on this one is when we move this forward, it was sort of braced around the construction area. We'd have to make some changes at least that's what I'm hearing from staff to broaden what kinds of things, and in this case we're talking about events and street closures, that this type of alternative staffing would cover. But I understand -- and maybe I don't know if Ed can speak to it or not.

>> Let me see if I can clarify some of those. Under the existing Muni code the police chief can temporarily or permanently appoint someone to do traffic control. My understanding is the chief did that with regard to the airport. He has appointed certain people to do that so you don't have to use police officers. So the option that we have is, we could continue to have the police chief appoint certain traffic officers for events. And you could work within the Muni code. But that does have to go through the police chief because that's what the Muni code only allows the police chief to appoint those types of people. Under the state statute anybody in the city could appoint them it doesn't have to be the police chief. You could have another provision in there where the City Manager appoints them so long as the program of training has been approved by the police chief. So only the program would have to be approved by the police chief but another city official could do the appointing. That would require Muni code. If you wanted to go quicker and not wait for the Muni code you could just have it go through the police chief because he currently has the authority to do that type of program.

>> Councilmember Liccardo: Okay, well I appreciate that and you know certainly there will be lots more discussion about this. But it seems to me that there is not a single major event in the downtown that we expect to see year after year that hasn't some point expressed to me personally or indirectly that they are teetering on the brink. And it is astounding to me that where everyone around us is taking cuts and taking reductions in order to make things happen, that our costs in Public Safety are going up. And I just think it's not a tenable way for us to be able to have -- to accomplish any of the goals we want to have. So I'm hopeful we can work through those issues.

>> Paul Krutko: So then let me just continue I don't mean to -- you raised a couple of things, I just want to make sure I understand. On the two on the series permits, you talked about having it tied to the land use as an allowable use. Would we still -- I mean, like we're doing with the entertainment issue now, would we still want to have --

>> Councilmember Liccardo: GP or something?

>> Paul Krutko: Yeah, because we are well represented in the audience by very -- folks we've worked with a long time who have brought forward quality events. Similarly with our downtown business entertainment community we have several of our owners are long standing well managed but then we've run into the circumstance where we've had, you know, things that haven't quite gone that way. So part of my concern in listening to you is, yes, if we're talking about the jazz festival or we're talking about Scott's music in the park situation, but if someone else came in who we don't know, is proposing an event that runs with the land, I think we still need some elements of, we've reviewed your plan or something. But the notion is, once we've done that, to give that authority -- I think where you're going is, to give them authority for a longer period of time.

>> Councilmember Liccardo: Yeah, I think that's right, Paul I probably misstated and I appreciate you clarifying, that clearly there's certain events we've worked with year after year and been around for decades. They know the operations plan, and we know theirs. And it seems to me we can get up to speed pretty quickly. Obviously a new event is going to require additional fees, I think we all expect those. But jeez, for the other ones, let's just get out of the way.

>> Paul Krutko: Okay.

>> Councilmember Pyle: Rose.

>> Councilmember Herrera: Yeah, I think Sam has certainly covered this topic very well. I just wanted to say, I'm just concerned about -- I feel a sense of urgency for these events that are happening here and how much they contribute to San José economically and just in terms of the goal we're trying to reach for San José. I guess I'm just concerned that if we don't move quickly enough some of these events just aren't going to be around anymore. I understand now, the fireworks are not going to happen again this year. I don't know if any of these changes, if they were made quick, we could change that or not. I suspect maybe Councilmember Liccardo might know that, probably the answer is no, had to ask that one. But I would be supportive of anything that we can do that can help recognize the value of these events. And you know do something to support especially those that are contributing net revenue to San José. I think we need to look at this and applying the policy to -- applying cost recovery strictly to everything and not taking into account the value some these events I think is not the right way to go. I appreciate staff's work though on all of this and I want to say I think you've got some really good points here in number 6 in terms of the regional and neighborhood parks, I think that's really good and I think that there are neighborhood groups that are trying very hard to keep activity going in neighborhood areas too and we'll be you know very glad to see there's going to be some movements on that so maybe they can see some relief on fees there too.

>> Councilmember Pyle: Okay. And ash has suggested that he wait until after hearing from the public. So are there members -- Phil maresca who is interested in speaking. If there are any others would you mind filling out a yellow card and we'll go from there.

>> Good afternoon, thanks very much for allowing me to speak. I'm Phil maresca. I'm producer of the America festival and has been mentioned the fireworks show has been cancelled again, it's the second year in a row. The primary reason for this is that our Public Safety cost estimates were up 60% over just two years ago. 60%. In 2008, we did include -- there was traffic enforced TEU overtime reimbursement but not the on-duty which is new. We made some attempts to minimize the service cost but got no good results. I want to say about this, the staff recommendations are good. And they're good steps but they're too small. I want to reiterate the urgency. I want to thank Sam for his points. One of my major points that I wanted to make now was that two of the guiding principles seem to be in conflict at least to me. The direct cost recovery and the consistent and fair treatment. And this was hinted at earlier, because there are certain events that have extremely high service costs, public safety cost, for instance, a fireworks show or a parade where there's a lot of public safety needs. And those needs cannot be recovered by the event organizer. I cannot charge people to watch fireworks in the sky. A parade cannot charge people to stand on the sidewalk and watch it go by yet the public safety costs are very high in order to keep people safe, especially when you're doing significant numbers. So what happens sometimes is, when budget cuts hit, and they have full cost recovery, all of a sudden, events are looked at, as revenue sources and that needs to change. The America festival does not show high economic impact in your charts because most

of those people are local people who walk downtown, who stand in the middle of the street and enjoy the fireworks show in the City of San José. And so I -- there is no economic measure for that. There has to be different measures, there has to be a different set of measurements for certain events. So trying to treat everybody fair and equally, it will not work in this case. There's a lot of other people who are probably going to talk to this so I want to say thank you, thank you Sam for all your hard work in trying to work with me and I appreciate all the points you've made so far.

>> Councilmember Pyle: Thank you, Phil. And the next person would be Jeff Roach. I need help. Jeff is correct.

>> Jeff Roach at the jazz festival, San José jazz. Thanks to Kerry and everybody for all the hard work and to Sam for what he said. Again a custom thing. I certainly can't stress enough the sense of urgency to get this stuff done. I mean every other week it's a challenge to make payroll and trying to figure out how to keep these things going and make sure we have a great jazz festival not only in 2010 but to keep going. It's tough, it really is tough just in terms of how we look at revenue, how we get revenue where it comes from, and reducing the cost -- you know reducing the cost is one thing. The -- you know, just a couple of benchmarks. I was at an all day meeting Saturday with my colleagues who run the Monterey jazz festival, the San Francisco jazz festival, the Seattle jazz festival, the Albuquerque jazz festival, jazz activity down in San Diego, basically all the major presenters all over the West Coast. And when we start talking about limiting revenue opportunities and things like that, even to \$30 a day, the Monterey jazz festival is having the same acts as we are, probably even less quality. And their equivalent ticket is basically about \$60 a day. So we still have one of the best deals in the planet here in San José. You know so why not just leave -- you know let us charge what the market will bear. I don't know, where the \$30 came from even though it's appreciated, it's more than 15, but it's -- 7th grade was the best three years of my life, I figured that out. You know, so it's -- we're trying to get you know people to come to San José to make San José a world class city so you know let's think about that. The other thing is, and I've said this before in forums like this, some of this activity it's great and it's really helpful and it's wonderful but, I don't want to equate it to rearranging deck chairs on the Titanic. Reducing costs is a great thing. The big thing we have to do is worry about getting sponsors and people and business and those kind of people to pay attention to San José. I'm tired of sponsor money going to San Francisco or Monterey or other places in the West Coast rather than the 10th largest safest city in the United States. This is stupid. As we look forward to this, one of the things I'd request to the councilmembers and everybody in this room is let's encourage people to invest in San José, and invest in the events and stuff like that, and that's local sponsors, that's local people like that. Reducing the cost is one thing but to a great extent we have -- you know the cost problem is a secondary thing. All of us have revenue problems and that's where you can really help.

>> Councilmember Pyle: Thank you very much thank you very much. And the next person, and from a card perspective, the last would be Bruce Labady.

>> Better than last time. Bruce Labady. I've put on a lot of events downtown, I'm involved in ZeroOne, music in the park, jazz director, been there 20 years and also the rock 'n' roll half marathon. I remember, I was on the task force, that was about ten years ago that we set up these full cost recovery. And the idea was there was plenty of money in T.O.T, and so let's go ahead pay all the expenses you get all your money back. So if we spent \$30,000 or \$40,000 we'd get \$30,000 back. That's the way it was set up, that's the way it was. Right now, it's so far out of whack we have to do something about it to keep these events going. I appreciate the help, Tammy, Kerry, I really do, you have a lot of work to do. We do want to recognize, Phil and I put on events all around the country. We do things in other cities, not just Northern California. We recognize the assets of the office of cultural affairs, very professional and we couldn't do without them. I know there are going to be budget hearings come up, I know this is not what this is about but the office of cultural affairs is very important to the success from now and whatever we do. One of the things I'm working on and that we all want to do is activate First Street. And I feel that activating First Street means closing the street and letting people walk down the street that's between San Carlos and Reed. We're going to be doing that three times three times this year with ZeroOne, and with absolute zero, and subzero. It costs \$2500 just for the police just for those six hours to close the street. So we need to do something about the requirements. There's one thing about replacing the people but we don't need to close all the streets with police officers or even D.O.T. officers. There are some that are important that need to be there but there was some way we need to work out a plan so that we can activate the street and in a cost effective way. Thank you.

>> Councilmember Pyle: Thank you very much, very thoughtful comments. And ash, oh Scott, of course.

>> Did I put in a card this time Marilyn. Scott Knies executive director of San José downtown association. We presented the members and the staff a five-page memo with some specific recommendations of our own on this issue. I want to apologize for how late it was but you try coordinating with our peer group here and getting responses back in time. The challenge ahead of us really is, we're in this period of time where we're looking at take aways. The city's under tremendous stress. The T.O.T. revenue that Bruce talked about is no longer there to provide the grant support. And you're trying to plug holes in your budget, and the costs have skyrocketed for the events over the last years. And we've lost some, we've lost some very good ones. It's an embarrassment that this city will not have a forfeiture July fireworks show. Last year we got a flier on it, because it was a home game for the San José giants. They're not playing home this year. There's no fireworks show in San José. That's sad. That's a civic embarrassment. And we cut a week out of Christmas in the park. Jazz festival had to cut two stages last year. We're not producing in St. James park any longer. We could go on, and there's specific recommendations that we've made on all of these issues, and we'd like to talk about them. But I'll leave you with this. We had a very interesting discussion last week about the San José brand. And about our terrific weather. And about the diversity of our community. And about how events contribute to that. And we kind of had a little shiver of fear in the room when we thought about the needle moving back, not forward, and losing modifier these events. And what does it look like then? What type of -- and not just the big events that I believe the City's doing an excellent job with. You know, we're an outdoor fitness community, we've got marathons, we've got the bike race, things like that ZeroOne tying in with the technology, excellent. But kind of the ma and pa events, the smaller events that tie in with the fabric of the community what happens when we lose those, too? And the costs are not sustainable. The premise, the hypothesis that you have of the direct cost recovery especially with the public safety cost we just can't handle that. And I know you're dealing with that yourself on the overall city budget. We need to have a voice. If it is going to be, I heard somebody talk about we need to talk about to the POA, we need to have a voice in some of that because right now we don't and it's going to put the events out of business. To the sense of urgency, this isn't enough. This is not going to move the needle for us this year. You know we wrote the city manager last February, 13 months ago, predicting we were going to lose events last summer. We are going to lose more events if this is all we do this year. So all the things that are being suggested to be studied further and further out if they're not ready for this summer it's not going to help the events again this year like it didn't help the events last year. And we talked about a sense of urgency. Part of the reason we want to steam this forward now is we're worried we might lose staff. The office of cultural affairs is a tremendous asset. If they're not here to help put this through then we need an absolute different model. If OCA isn't there, I can't imagine every event negotiating with the departments one by one, what a mess that would be. Please don't let that happen.

>> Councilmember Pyle: Thank you account Scott. Ash.

>> Councilmember Kalra: Thank you. And I really appreciate all the comments, and first the comments that Councilman Liccardo led with. And I agree that, I mean, it's basic economics if we're squeezing out events because we're requiring full cost recovery and we lose the event we lose out fiscally, and that doesn't even speak to the cultural loss. I think that the -- all the events that have been referred to here and many others, jazz festival and music in the park, ZeroOne, Christmas in the Park, and America festival, they certainly add not just to the downtown but the whole city. The people come from around the city to enjoy those events. And so a custom of comments. One I'm glad Jeff that you're glad they're at least raising 100% what you can charge. It may charge out the poor councilmembers but it's okay it's for the greater good.

>> Councilmember Liccardo: Making the NCAAs this year?

>> Councilmember Kalra: But you know, I think that finding ways to -- and I know there was a comment about some of the surveying done about America festival, how a lot of folks from San José go to that. And I think finding an appropriate way to do -- I think it's good to be conservative but we want to continue to be conservative what we're getting out of these festivals but add some reality to it because the fact that someone is from San José or from downtown for that matter for that event, doesn't mean they're going to go out of their house that day for that event.

>> Paul Krutko: Well, if I could interrupt. The staff in the room took significant -- what's the word I'm looking for -- community and councilmatic concerns about the grand prix. And so not to raise a sore subject but that event generated substantive economic impact and substantive revenue returns to the

city. And part of what we had to do in stepping back from that was to present to you a very conservative model. Because the critique from the critics of this kind of thing say just what you said councilmember, well, that person was going to go to a movie anyway that day, or was going to go out to the movie anyway. Why should you call that economic impact? That's why we went to that model. We appreciated it when we appeared in front of council, we showed the numbers completely, we say we're only taking credit for this, but some of your colleagues say that other number is important.

>> Councilmember Kalra: It's important in terms of the conversation we're having this afternoon in terms of cost recovery versus what the real revenue generation is for both the downtown businesses as well as in the city coffers. And so there may be some kind of happy medium there, but I think it's really important that we understand the total economic impact of these events beyond just those that are coming up from out of town that don't happen to be here on a business trip. You know that very narrow scope of people, I mean they're really -- I think all of us understand there's a greater economic impact. And if we're going to talk about cost recovery versus economic recovery we do need to see the whole picture versus the economic indicator. Versus the neighborhood events as well particularly in regards to some of the community events, the parks and so on, that they obviously you know are 90% of the time volunteer run organizations. And I know it's been harder and harder for many of them to be able to keep their -- and those are the kinds of events that are really strictly our residents, those are families that live in our neighborhoods that are putting on the event and enjoying the events and I think putting obstacles there just somehow just seems very contrary in what we should be doing in terms of building stronger neighborhoods. I do appreciate the staff reports, I certainly agree and appreciate the comments from some of the people from the public of the office of cultural affairs and I also am very thankful for the folks that have shown up today that have a stake in downtown, and I know there are many others that may not be here today but just want our city to have a vibrant downtown. And I agree that measures that are made should be made as soon as possible, Sam's comments, there could be things we could get done before this event cycle. I'd be supportive of that abandons once you lose these events you're certainly not ever going to get them back. I know events have already been lost and the events that have been lost in the past you'll never see again. In fact I would like to add more events to create an even more vibrant downtown.

>> Councilmember Pyle: Sam, you wanted a thought? Sure.

>> Councilmember Liccardo: I want to put a motion on the floor. I appreciate the comments that have been made. I think it's all very helpful, and I think one point that was made, it's a very stark reality, which is we're losing resources, quickly in the city, particularly with the upcoming budget. We all recognize that, the ability of OCA to be able to get out there and beat their heads against the wall in terms of reducing cost is also going to be compromised we'd expect.

>> Paul Krutko: Councilmember, just one further point. I just want to make clear that there are other departments with event-related personnel, that are key partners to this. So as you -- we know what you're thinking of, it's -- they're in parks and rec, they're in D.O.T, so I'm just --

>> Councilmember Liccardo: Much are appreciated, I get that It would be helpful for us to put the structure in place so it's -- to ensure we actually have something that's going to work, regardless of wherever the staffing is that's shaking out. What I wanted to do was to approve the staff recommendation, with a couple of additional addenda. One is that as many of those items on the list of 10 that can be implemented in April 6th, that those be brought to council for implementation. With a particularly attention brought with lots of City Attorney input.

>> You will have it.

>> Councilmember Liccardo: As to the repeal of the event fees on TEU as well as the use of parking traffic and control officers. Because I think those actually make a significant difference on cost. And then the second addenda, since the council created this full cost recovery system we should take a look at whether or not it should continue. And then I'd ask that council be asked whether or not to grant City Manager discretion to reduce fees from fees and charges for a category of events, actually I can think of a couple of categories of events, one would be that list of events which generates significant revenues to the city. And I think you've identified certainly six in exhibit B. Undoubtedly there are others. And I would add another category called iconic events, they have been in the downtown or in the city somewhere for decades. I'm thinking for instance of Christmas in the park, the America festival, music in the park, downtown ice, a whole set of events that people routinely expect as part of the cultural life of the city and for some category of events the City Manager be granted the ability to reduce costs where appropriate.

>> Councilmember Herrera: Second.

>> Councilmember Pyle: That's it, we're ready to move on. Any questions about the proposal? No?

>> Paul Krutko: My only is, we will work as hard as we can to get to April 6th. I'm a little worried about sunshine.

>> Councilmember Liccardo: Let me uniform in because I understand -- I realize that gives you about a week to get a memo. Okay, let's do this. Since you've identified some cost savings we can do hopefully soon, maybe perhaps we can move forward with as many of those ten as possible for April 6th. And my broader suggestions around changes in policy could wait a couple weeks. Is that doable?

>> Paul Krutko: Yes. We can stagger the work.

>> Yes, thank you.

>> Councilmember Pyle: All those in favor? All those opposed, none, it is unanimous. I would like to make one last comment about the whole report and thank you, it was very concise, very logical and very easy to follow. Thank you for all the work you've done. I want to talk about what happens in regional communities, where there are very few special events, and there's a reason for that. If you talk with parks and rec, they'll say you can only have two a year. So immediately, those two get locks into with people that they know and it shuts out anybody else. For example, there's an Assyrian community that would love to have a public event at Almaden lake park. There's no chance forever and hence. So whatever we can do to make the number of people who can have events more equitable, they were told well just go downtown. Well, that has a dramatic impact on what happens there, as well. And it just exacerbates the problems with trying to make it come out right.

>> Councilmember Liccardo: Madam Chair, I'm happy to amend the motion to --

>> Councilmember Pyle: It didn't need to be included.

>> Councilmember Liccardo: Okay.

>> Councilmember Pyle: You but just ask staff to come back with some comments and solutions, doesn't need to be part of it.

>> Paul Krutko: Just to comment, we will definitely come back if we can before the 6th. We'll also bring back as quickly as we can and I generally mean that, I don't mean we will do -- we will try bring the policy back as soon as we can relative to the -- to the memo production and sunshine and all that. There will be a third bite of the apple however during the budget process when we are presenting various topics to the council for your consideration, and what I'm going to suggest to the City Manager on this one is that we spend some time in that budget presentation on this topical area, you know generally what happens with that is we have a prescribed format and we present that and you all ask questions and we leave the stage. I think this is an area where we need to do some more intensive work and there's probably others in the Community and Economic Development area, so Madam Chair I may be wanting to talk with you about what are those topical areas, the whole budget book's there, there's a whole array of things we can talk about but there may be from this committee's perspective a set of topical areas that we really want to talk about in the budget because we have limited time. So I'll consult with you on that.

>> Councilmember Pyle: Sounds good. Okay we don't need that for a vote but I do want to get this to you before you leave. And we're ready to move on now, unless there's other comments to be made, to the status report on foreclosures and with us we have Leslye.

>> Paul Krutko: No. She is talking to you about revenue sores for affordable housing.

>> Councilmember Pyle: Okay. Who's doing this? All right, little confusing there. So Leslye, welcome. And congratulations on being included in the 100 most influential women in Silicon Valley. You look great in there.

>> Leslye Krutko: So yes, we will come back next month on -- (inaudible) so today, we wanted to talk to you about our research that we've done on potential new sores of revenue. As you may recall, when we went forward with the inclusionary policy in December of 2008, we had a number of follow-up assignments. And one of those was to look at whether or not there were other sources of funding that could be used for affordable housing production programs. And some of that was a result of conversations that the development community had had about sharing the burden and the pain and were there other ways that other people could contribute as well. So what we did, as a result, is we went and we looked at quite a number of sources. As you see in our memo we mentioned the many places that we went to, to look at what possible sources there were for housing trust funds. A great deal of work has been done by the State of California because they're looking at what they're calling a permanent source of funding for affordable housing. And so they did probably about 18 months of meetings throughout the state gathering input on potential funding sores and then doing the research behind each one. So that was very helpful. Plus we also had a number of other sores. We had our own study that we had had done

earlier, and several years ago, we also had the work that had been done by the blue ribbon commission on homelessness, when we were -- we were studying what to do on homelessness. So taking all of those different sores and we'll show you in a minute here, we took an approach where we looked at what would produce a lot of money, and what was easy. And we put it into, as you can see, the four squares there. Almost everything falls into that bottom right square. So it's not easy and it doesn't produce a lot of money. So that's unfortunate. Many of the potential revenue sources require a two-thirds vote of the public and if it's going to raise \$125,000 a year that's a pretty difficult task to take to try to get that small amount of money. So really, where we've ended up, I'll show you the list of various funding sores. It's hard to see on the screen. But we really did look at that number of them and analyze them. And ended up with four that made sense. There are some that would make a lot of money but would just not -- either they were inconsistent with city council policy or they were things like more of John's money from the redevelopment agency and we know that's not possible. So we didn't do a whole lot of study in those areas. What we are putting before you is a recommendation to support two efforts. And then, to put out two others that the council may wish us to look at, or may not wish us to look at. And the first one is the creation of the the Silicon Valley tax credit fund. This proposal actually does not create any new money for the city's housing program. It provides a leverage for city funds. And it's an effort by enterprise partners, the housing trust and the Silicon Valley leadership group to try to interest our local business community in investing in low income housing tax credits. We've been working for about a year to do this to create an equity pool, hoping to get \$50 million or more in that pool, to really fill the hole that was created when Fannie Mae and Freddie Mac and other institutional investors moved out of the low income housing tax credit market. So what that pool would do, it wouldn't just be for Santa Clara County, it would also be for San Mateo and southern Alameda County. But we certainly support it because once we're back up in operation again and we have money, that where we need that leveraged funds we think that that's important. So we wanted to indicate our support of that. The second idea is to link affordable housing to future transportation measures, should there be one. And the idea there might be that there's a sales tax measure or a bond initiative where 5 to 10% of that would be set aside for affordable housing that was near transit and accomplished the smart growth, transit oriented development objectives that helped reduce the amount of drivers on the road. So that is another idea. That one did come out by the way of the discussion through the blue ribbon commission. That was one of their ideas that they had. The two that were not completely sure about, but would like to mention them, one is the real estate conveyance tax. And this one is just hard to pass. And it does require two-thirds vote. However, it is in that one box that says that it creates a lot of money. So it could create enough money for it to be worthwhile if that were something that we wanted to look at. But typically the real estate community is not supportive of this tax, and that would be something you would need to look at and consider. And then the last one is one that probably doesn't create a lot of revenue but the idea of donated land and money. The only concern we have here is we do have the Santa Clara County housing trust. We don't want to be in a position of competing with them. And so what our recommendation more is, is that we would work in conjunction with them to try to increase this type of giving, so that there is more money overall for affordable housing. The one thing I would like to end with, that is important to us, and if we can find a source that's good, is that our housing trust fund that the city has which was once called the housing and homeless fund, is running out of money. And that's the fund that we've used to -- for all of our homeless initiatives and ones that are not eligible for the 20% matching funds. And an example of that is the housing services partnership which functions out of the one stop center at Boccardo which provides rental payments to people who are at risk of losing their home and which helps people find housing if they're homeless, they find themselves homeless. That program right now is reliant on those funds and we are very low on money there. It's also a fund that helps us, if the roof is leaking, if the stove or dishwasher stops at one of the shelters, so we would like to try to find some money to continue those sort of activities. But as I said at the beginning, not a lot of opportunities for easy money, that gets us a lot. So available for any questions you might have. We would like to get your support for the first two ideas. And then, any ideas or thoughts you have on the other two.

>> Councilmember Herrera: Sure, thank you, Leslye, I really appreciate your report. I would definitely be supportive of your first two recommendations. I'm not sure about real property conveyance tax. I would not want to support that right now. I'd be, maybe hear some more bit but definitely the first two and the last one I think makes a lot of sense. So I definitely would be supporting those. I had a chance to visit one stop and visit the center. And really look at the services they provide. And I was very impressed with the fact that they're really trying to look at providing training folks that are coming out of those centers for

jobs, that they're work right in the facility and trying to look at how can we really get out of this cycle of homelessness. And so it's very impressive what's being done there and I really hear your concern about finding a funding source for that. Don't have an answer for it but I'm saying I'm too concerned and I think we need to find a way to fund that. I think it's going in the right direction. The services are needed and they're really doing some great things out there.

>> Councilmember Pyle: Sam.

>> Councilmember Liccardo: Thank you. I -- first of all I know we're running out of money everywhere and I'm sorry to hear about the rentals because I think that is the most valuable thing we have to address homelessness in the city. And so certainly look forward to working to find new sources there. I -- just a question about the link of affordable housing to the different tax measures or G.O. bonds. This would be an ordinance we would pass that would have across the board a five or 10% cut, is that what you're proposing or --

>> Leslye Krutko: I think the idea is there would be a policy. Did you have --

>> Right, there is no -- I'm assuming that when we're talking about tax measures or bond measures we're talking about statewide bond measures or local.

>> Leslye Krutko: Local.

>> I don't know if we've actually done a local bond measure. We've done tax measures. My assumption was we were going to simply discuss policy measures, which the council can do. The state frequently does bond measures where they sell bonds on the open market and then they use those proceeds for different things including affordable housing but with regard to the tax measures if you are talking about sales tax you would also have to be doing a statewide one. There is an opportunity fours to do an incremental increase of the sales tax within the county. But if you're going to attach it to housing then it's going to be a special tax which is going to require a three fourths vote.

>> Leslye Krutko: A three fourths vote?

>> A two-thirds vote.

>> Leslye Krutko: I think we understand that, we're talking local not state. Such as the prop A the tax measure or something I mean we have certainly done general obligation bond measures in here for parks and for other -- libraries and other things. If we were to do that for transportation or anything --

>> Right, right.

>> Leslye Krutko: So it has been done.

>> Paul Krutko: So I guess the question I'm not understanding, is this attached to measure O or measure P would the concept be that you would take some money out of those issues?

>> Leslye Krutko: New, new bond measures that would go forward would have a portion for housing although we were saying transportation related, it could be different than that. Just because of the link between housing and transportation.

>> If I might, only that other municipalities that have done this in the past and they do some kind of general obligation for affordable housing and that's why they move forward especially when -- I mean we've talked through the years about what happens when RDA is no longer contributing the large amount which is one of the reasons they're doing this.

>> Councilmember Liccardo: Right.

>> John Weis: So it's possible, you could link it on to another kind of bond measure. But just being forthright, this is for the housing of the City of San José, do the citizens of San José think this is something you want to support. I think that's the idea that you guys want.

>> Councilmember Liccardo: Yeah, I guess here's what-I I understand if we're going to do a separate measure for affordable housing, great let's do it. If we can get it over the goal line, the polling works great. If we pass a transit measure that some percentage is going to go on affordable housing that language would have to go on the ballot as well.

>> Leslye Krutko: That's correct.

>> Councilmember Liccardo: And then we would have to go poll on that language. And as a man who's spent hundreds of hours on two separate transit measures, knowing what incredibly heavy lifted it is to get two-thirds on anything, and measure B passed in 2008 by hundredths of a percent. And we were convinced it didn't pass. I'm not optimistic that this approach is going to enable us to get any measure passed knowing the hurdles that we face today. Obviously with the reform effort in Sacramento that enables us to have a lower hurdle, I'd feel much, much better about this approach. I think the Silicon Valley tax credit pool is a great idea. I'm just not ready to embrace an idea that we're going to take a percentage out of infrastructure or transit or other kinds of measure knowing that -- I know when you go

out and poll on it it's going to affect the chemistry and that means it may preclude you from going out on certain measures, and lord knows we need affordable housing and we need all these other things too.

>> Councilmember Herrera: I just -- what I was thinking is that somehow linking this with transportation. Because frequently transportation doing more transportation requires greater density. So I was thinking there was some synergy between those two things. And that is -- I just wanted to clarify that's what I was supporting. I wasn't just supporting a sales tax increase or anything like that. I was supporting an idea of you know figuring out if there's some way to link it because there might be some synergy and to try in creating density that you know we could somehow communicate that. But as I'm listening to you Sam yeah, I wasn't involved in the heavy lifting you did on those transportation measures so I'm more thinking just kind of creatively, Ken, would there be some synergies there?

>> Leslye Krutko: It may be that we need to do polling on this ahead of time. But again, as we start to implement SB 375 and other measures where this is going to be something we need to have is smart growth and more housing along transit it may be something we need to do as well. So --

>> Councilmember Liccardo: And I think if we were to take it on and a single measure, let's say we had a measure that was based on transportation and so forth and we polled it separately for that measure and it looks like we could get it over the goal line great. But we may be handcuffing ourselves being able to do some things we want to do in addition.

>> Paul Krutko: Can I ask one other question? So in the presentation could you explain again on the conveyance one why that wasn't viewed as favorably?

>> Leslye Krutko: Well, this one is -- it's a controversial tax that is hard to get passed, so it's definitely one that's in that difficult area. The difference between that one to me and the transportation one is that with transportation, people are likely to support that idea. Whereas the realtime transfer tax I'm not sure will get passed.

>> Paul Krutko: The reason I thought mayor Newsom proposed something recently that was tied to conveyance and it was tied to affordable housing. Maybe we are in completely different markets but there was something that he just recently proposed I think again because of their diminishing, they're under the same -- their redevelopment agency is -- right?

>> Leslye Krutko: One of the most popular funding sources for a conveyance tax is.

>> John Weis: It's all a matter of timing and what your local markets are likely. There are many, many markets that can afford this and they've braced this and doing it for 20, 30, 40 years. Ours is not one of those, this is a very tough principle to get over the goal line, something that theoretically oh, yeah that makes sense we should do that. But it's been very, very difficult.

>> Leslye Krutko: So we can explore it. If the council wants to explore it, we can with the knowledge that it will be an uphill battle. But it is a very popular way of financing housing trusts and there's nexus slum that's been already determined.

>> Councilmember Liccardo: All right, I do want the last word. Leslye, you have literally uncovered, lifted every stone. And I understand that you did this because you are being pleaded with to look anywhere else other than the inclusionary obligation to find sores. And I recognize that this is the result of an extraordinary amount of research. I don't think it's a terrible thing if we return with an answer of no to the question, are there some other sources. Now, I think Silicon Valley tax is a great option and the real property conveyance tax may be a great option in a different year. Of course I don't think anyone thinks it will work in the near future but I think it's okay to come back with an answer of no.

>> Leslye Krutko: And I wouldn't be doing my job if I didn't suggest that we still look for something, because as good as the pool is, it's leveraged funds, if we have no money to leverage it's of no value to San José.

>> Councilmember Liccardo: Right.

>> Councilmember Pyle: We were smart to say accept the staff report of potential alternative revenue. However -- and I just want to say, too, do we have any information from Sacramento in reference to what's happening with the redevelopment debacle?

>> Leslye Krutko: I'll throw it to John.

>> John Weis: Councilmembers, the case has been heard. About a week and a half ago. And the briefs were exchanged. And the judge is considering it right now. We would -- we have been told that we might get a preliminary indication within the next ten days, it's possible on our \$75 million that they're taking from us.

>> Leslye Krutko: I think the only concern with that is that the state would likely appeal. So it's probably, probably 18 months --

>> John Weis: Whoever loses will appeal.

>> Leslye Krutko: 18 months plus before we really -- yeah.

>> Councilmember Pyle: We did suggest when we went to Sacramento that they take a look at performance, cost benefits, performance measurements in relationship to the redevelopment agency. If it leads to anything that will be kind of miraculous. But it was worth a try. So with that, may I have a motion to accept the report? All in favor, aye that is unanimous for the people that are here. So thank you very much. Are there any people from the audience wishing to speak?

>> Councilmember Liccardo: Just to clarify, that was a motion to accept the report, not necessarily --

>> Councilmember Herrera: We're not moving recommendations.

>> Councilmember Pyle: Right, not on the tax yet. And with that we are adjourned.