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>> Mayor Reed: (gavel strike) Good afternoon. I'd like to call the San José city council meeting into order for April 20th, 2010. We will start with the invocation. Councilmember Chu will introduce the invocators.

>> Councilmember Chu: Thank you, mayor. Today I'm pleased to introduce members of Sierramont middle school advanced orchestra invocation. Sierramont middle school has been serving residents of district 4 since 1975. Sierramont Middle School is also currently a California distinguished school. Receiving various awards of distinctions from its curriculum. Today the orchestra will be led by Laurine White. Laurine has been teaching orchestra, choir and band for three years at Sierramont middle school. This group has been invited to play at Disneyland Magic Music Days every year and they will be competing in the California music educators association festival in May. Today they will be performing overture of Lucilla Cilla, I hope I pronounced that well, by Mozart. Please join me in welcoming Sierramont middle school's advanced orchestra. [applause] [music]

>> Mayor Reed: Our next item is the pledge of allegiance. Please all rise for the pledge. [pledge of allegiance]

>> Mayor Reed: The first item is orders of the day. We have one change to the printed agenda. The financing authority items on today's agenda will be deferred for one week. Any other changes to the agenda order? We have a motion to approve the orders of the day. All in favor? Opposed, none opposed, those are approved. Closed session report City Attorney.

>> City Attorney Doyle: Mayor, members of council while we met in closed session pursuant to notice there is no report.

>> Mayor Reed: Take up some ceremonial items next. I'd like to invite Councilmember Campos, Jeff Ruster and members of Score to join me at the podium. Today we're recognizing Score for their business assistance to local nonprofits. Score stands for the service corps of retired executives. Councilmember Campos has a few words about the organization.

>> Councilmember Campos: Thank you, mayor. Founded in 1964, Score is a national organization of business professionals committed to educating entrepreneurs and making sure our small businesses thrive here in the valley. Silicon Valley chapter of Score has over 65 experienced executives that volunteer significant counseling and mentoring services to small businesses and nonprofits. For the last two years, Score has worked with the city's nonprofit strategic engagement platform to provide their services to nonprofits that are identified in need of guidance. I don't think we quite understand how significant this is. In the climate that we're currently facing right now, some of our nonprofits are struggling and to be able to get this knowledge and these executives to share their experience and their expertise with our nonprofits means that they can continue to thrive. So on behalf of the City of San José would I like to ask the mayor to present the commendation recognizing Score for their continued support to the nonprofits in the City of San José, and in Silicon Valley, so with that, mayor, could you present that to John Edwards, executive counselor of Silicon Valley. And let's give them a round of applause. [applause]

>> Would like to thank you very much for the award and the recognition. We are greatly honored. We have really enjoyed working with Jeff Ruster and your nonprofit platform, and we look forward to many times in the future. We also like to thank you for everything you've done in the past because you've supported us for many years in the past. Thank you. [applause]

>> Mayor Reed: Next I'd like to invite Councilmember Constant, representatives -- well, I'm not sure who's coming down Pete. Some other folks that you're going to invite down to join us as we declare the week of April 18th as crime victims' rights week in San José.

>> Councilmember Constant: Thank you, mayor. I'd like to bring down from Silicon Valley Faces, Kathleen Lynch, and also from the YWCA, Kerry McClain. This week we're at the City of San José declaring the week of April 18th through 23rd as National crime victims' rights week. We have these two organizations with us today because they do so much in our community to give a voice to the group that oftentimes does not have a voice within the system. We have Silicon Valley Faces, which is a nonprofit organization that has been serving our Silicon Valley

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region for about 45 years now to build a caring and inclusive community, free of bias and bigotry, by bringing people together through education, and supporting victims of crime. And we have the YWCA, who many of you know all the wonderful programs that they have but in particular for the work that they have through their rape crisis center. Every year approximately 21 million Americans suffer the indignity of crime. Crime really has no boundaries for socioeconomic status, where you live, what you do, sometimes crime is very indiscriminate. And as a result, many people have serious emotional, physical, psychological and oftentimes even financial harm. 25 years ago the president had a presidential task force on victims of crime, to really draw the attention to how poorly victims in the criminal justice system were being treated at that time, and quite frankly calling out that this system was indifferent to the needs of victims. Today we have victims' rights legislation in every one of the 50 states. And more than 32 of the states have the information in their state constitution that really enshrines the rights of the victim into the constitution. It's important that we continue to do more to advance these ideals as we move forward because still, today, too many victims are denied their rights to attend trials, to present an impact at the same time at sentencing or to even receive a notice when the perpetrator of the crime is being released from prison or jail. We must continue to work to ensure fair treatment of crime victims by providing protections for child and sexual assault victims, ordering and enforcing victim restitution from offenders, and notifying every victim of their right to compensation and services, thereby giving hope to victims that the system and society will work to restore their faith, their dignity and their respect. National crime victims week, rights week, April 18th to 24th, provides us an opportunity here in San José to be vocal and to raise awareness of the foundation of victims' rights, fairness, dignity, and respect, and to recommit to honoring those values by ensuring that all victims are afforded those rights. Today we have a proclamation for each of you. And if either of you would like to make a brief comment.

>> I'd like to thank the City of San José and in particular, Councilmember Constant, for giving us this proclamation. I represent victim witness assistance program. We've been in this valley providing services since 1975. And last year alone we served 10,000 people. And this is just one of several agencies who work with victims of violent crime. So again, I thank you very much.

>> I also would like to thank Councilmember Constant and all of the city council, the mayor, and in particular, in our valley, the law enforcement and people like faces that does such a great job with victims for us. At the YWCA we run the rape crisis center for the majority of this county and certainly all of San José. And last year we worked individually with 2,000 victims, one-third of them children under the age of 12. Just recently, we merged into the YWCA support network for battered women. They have worked with and we will be working with 7,000 victims of domestic violence. It's the sensitivity that we receive from the leadership at this City Council that floats down, I maintain, throughout the important offices in the city, and into the citizens themselves. It's something we all have to be aware of, and we all must fight. No one, no one, should ever be abused, or hit, or in any way, be a victim. We ask each one of to be always aware of that. Thank you. [applause]

>> Mayor Reed: Next I'd like to invite councilmembers Kalra and Chu and John Stufflebean and Ronda Berry from Our City Forest to join me at the podium. Recognizing Wednesday, April 22nd -- that would be Thursday, April 22nd, as Earth Day. I know Thursday is Earth Day -- in the City of San José. Councilmember Kalra has a few more details.

>> Councilmember Kalra: Thank you, mayor. And I'm very happy to be here joined by Councilmember Chu, Mayor Reed, as well as representatives from our city forests and John Stufflebean from our environmental services department. Earth Day was founded in 1970 by U.S. senator Gaylord Nelson and since then it has really become an international phenomenon. It's held annually on April 22nd and this year's earth day will mark the 40th anniversary. I'm very proud of our environmental services department which I think is a true leader in the industry and certainly marks-d certainly represents what Earth Day is all about on a day-to-day basis by focusing on healthy streams, rivers, marshlands and bay waters, clean and green air, land, and energy policy development, and community education aimed at environmental sustainability. I'm equally proud of the nonprofit partners we have and especially our city forest. And the work they and their staff do every day, day in and day out. But I think really needs to have a special notice during the week of earth day. Our city forest educates residents about trees and tree care, increases the awareness of benefits of trees, protects and enhances urban forests in Santa Clara County and facilitates grass roots environmental action efforts and last year on earth day I was happy to have a tree planted in my front yard, with the help of our city forest. And I will note it's still living at this moment. So we'll

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have to report back next year for a progress report. Mayor, at this time I'd be happy to ask if you could present a proclamation to Rhonda Berry from our city forest, recognizing Thursday, April 22nd, as earth day. [applause]

>> Thank you so much. I can't recall, was that a street tree or was that actually in your yard? If it was in his yard, he paid for it. We plant thousands of trees a year. It's hard to keep track of them all. Anyway -- thank you so much for including our city forest today in celebration of earth day. I've said this so many times, it's -- you'll all roll your eyes. But every day is Earth Day at our city forest. It's true we plant trees and care for trees and advocate for trees all year long. We do have a special celebration this time of year. This Thursday, on Earth Day, the mayor will be joining us to launch a special program where we'll be engaging thousands, hundreds of thousands of our residents, hopefully, and businesses, in registering the trees they plant towards the City's 100,000 tree goal. And on arbor day, which sometimes doesn't get as much attention as Earth Day but arbor day will be April 13 --

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[No audio] [Power outage] [No audio] [No audio]

>> Harry Mavrogenes: We actually will have Tim Steele from Sobrato, to explain where they were in January, but I believe they have some property lined up at that point.

>> Mayor Reed: Tim, we would ordinarily have that turned around but we're not quite that organized, so you'll just have to work with that at this point. There is a button that will push down, and hopefully that will come on for you. What do we have that's working? Mine's working. All right so Harry's working and mine is working so you'll have to speak loudly, please. The question had to do with the 1031 exchange and whether or not you were already in a 1031 exchange situation when -- in January when the conversation started with the agency about this particular property.

>> (inaudible) [No audio]

>> Councilmember Kalra: Yes, you were going through that process looking (inaudible) identifying (inaudible) thank you. Then so sounds like (inaudible) talked about.

>> Harry Mavrogenes: That's correct, it wasn't shopped around but we did have the comfort of a good solid appraisal. And even with that discount we did up the price at least 5% from there. So again I think it's a good opportunity value for us now because it will allow us to buy other property as discounted prices, hopefully (inaudible) [No audio]

>> Councilmember Kalra: (inaudible) why is the price up 40% (inaudible).

>> Harry Mavrogenes: That was a -- this is a clause and maybe Rick can help me on this, because we didn't really -- we were just trying to do a straight transaction. But in order to avoid the antispeculation aspects of redevelopment law we had to set a number there. Again it is not our intention to buy the property. That's a number the developer felt comfortable with. Honestly I don't think we can ever get there because we won't be able to do business at that point.

>> City Attorney Doyle: There is a prohibition against speculation or selling land for speculation under California redevelopment [No audio]

>> Mayor Reed: You want to comment on that?

>> (inaudible).

>> Councilmember Kalra: I know although RDA is not required (inaudible) good time to do it because of the requests we've had for you to look at the property (inaudible).

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>> Harry Mavrogenes: That's correct, because typically when we do an RFP it is for a project where we want something specific that may be very difficult to get like retail, hotels or other uses. At that point we will go out as far as we have to. When it's a straight land transaction, that is at market value, we believe we're bringing you the best value. So it's my judgment, and hopefully, you'll agree with me.

>> Councilmember Kalra: (inaudible).

>> Harry Mavrogenes: That is your purview as board members and mayor, typically again, we have advocated using, you typically buy land reinvest in land that's been drummed in me many times. I would recommend that. And we basically -- we are not changing anything in our budget. We have budgeted this money as what we call unrestricted funds. It's the kind of money we need to buy land, like the baseball site, so we would strongly advocate as we still do in the budget that the money go next year for that.

>> Councilmember Kalra: And was there any thought given for -- I mean, that was -- seems like the thought was, in going forward with this transaction, or at least bringing it to us, is that it would just simply go towards purchasing land, in the Diridon area?

>> Harry Mavrogenes: Well, again, that would have been my recommendation. It still is but it's your call as a board how you want to use the money. We're trying to bring you resources, this is, you know, six years ago when I took over this agency, I brought it off the brink. And we've had financial difficulties this last year. And I've been trying to find you various resources to bring the agency back to health. This is one way to do it with these excellent resources that we have.

>> Councilmember Kalra: And Harry, please, I'm not in any way trying to say that there's anything you're doing that's inappropriate. I understand you're trying your best to get resources for the agency. It is what we've asked you in any number of ways. So I just want to get more clarity on this particular transaction.

>> Harry Mavrogenes: Thank you.

>> Councilmember Kalra: And the -- the use of these funds for other purposes, for example, I know that there is a parking lot here. And in fact I think I saw someone from the community sent an e-mail that brought up the issue whether that can be used at all to offset some of the debt that the agency has towards the city. Is that something that was ever contemplated?

>> Harry Mavrogenes: Again, we contemplated this, going for land sales. But -- and again carefully trying to use our sources. We have some money that is more restricted that we can use for public uses. The unrestricted money, which is kind of scarce, we want to target towards the uses that we would have difficulty otherwise funding. So land acquisition is one of those.

>> Councilmember Kalra: And what's -- as much as you can, what would be a hard deadline as to -- for the developer to know in order to make sure the 1031 exchange went through?

>> Harry Mavrogenes: I believe we're right there. And that he needs to close by the end of May. And so we don't really have time to move this.

>> Councilmember Kalra: Okay, thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. Just wanted to clarify, and Harry you said San Antonio, that project area is essentially going out, RDA is -- that project area is expiring in 2012, is that right?

>> Harry Mavrogenes: That's correct, January 2012.

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>> Councilmember Liccardo: That would make it impossible for the agency to buy any land in the San Antonio area, after 2012, is that right?

>> City Attorney Doyle: Yes, I think what (inaudible).

>> Harry Mavrogenes: Assign it to the city.

>> City Attorney Doyle: Assigned -- things would be assigned to the city.

>> Councilmember Liccardo: Right. (inaudible) okay. So in other words, the benefit of this deal in terms of bringing these properties out onto the tax rolls will continue to accrue to the agency but the agency can't go back in this project area after 2012 and buy the land back? Okay.

>> City Attorney Doyle: The city would have to then exercise the (inaudible) but that's something that now that we're coming up against these deadlines --

>> Councilmember Liccardo: I just wanted -- that's helpful okay because that helps us understand when we look at those option prices on page 3, the \$26 million, it really demonstrates the fact that these are not numbers that the agency is looking to go exercise on. In fact, we won't even be able to under the law. If the city wanted to do so the council could certainly decide to do that but I think that's unlikely. But the point is that this is really numbers that are inserted into the deal because we need to satisfy some legal requirements.

>> City Attorney Doyle: That's correct. I think that's -- that hits the nail on the head. You don't want them sitting on the property forever or using it for purposes of speculation. But so much of this is market driven and it's hard to gauge where the market will be in three years.

>> Councilmember Liccardo: Okay, and by putting these properties back on the private tax rolls, the increment I assume is somewhere around \$200,000 a year?

>> Harry Mavrogenes: Approximately.

>> Councilmember Liccardo: Okay, great. Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you. First of all, I have a few questions that I'd like to ask. It's more around the process on how we got here, and how we're now paved with making a decision on whether to move forward with this agreement. So Harry, bear with me, I have a few questions regarding the process. When this -- when block 8 first came up a few years ago, I believe it was in 2004, is that correct?

>> Harry Mavrogenes: March in 2004 we sent out an RFP.

>> Councilmember Campos: And we sent an RFP out. Had you included in council in that discussion, excuse me, the board agency at that time? Or was this something that you decided to just move forward on, since the redevelopment laws prevents -- gives you that ability to just move forward?

>> Harry Mavrogenes: We could have done it either way. I'd have to go back and look at the records. More than likely we went to the board first and then sent out the RFPs for housing.

>> Councilmember Campos: So I would like to know, not more likely, if we did or we didn't. If that's something that you need to go back and check I think that would be great for a supplemental memo.

>> Harry Mavrogenes: Uh-huh, yes.

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>> Councilmember Campos: To come back to the council. The other question, I think you've asked, as has been asked, as well, and that is, with this particular agreement, we did not go out with an RFP because you're going back to the first RFP which was done in 2004, is that correct?

>> That's correct.

>> Councilmember Campos: And why would we not, if your standard practice was to go out with an RFP?

>> Harry Mavrogenes: Well, again, we thought we had a viable developer who was still interested after that time. Over the years they've been asking us about the property. They've been interested. They've been following it. The Sobrato organization is a very solid developer. And we felt they're still viable, there are a lot of developers that were around in 2004 that are no longer here. And Sobrato is still strong. And we felt it was an opportunity we didn't want to miss, given the direction that I have to try to liquidate some properties.

>> Councilmember Campos: When we went back, and I'm going back to the first agreement, the first exclusive negotiating agreement between the urban West and the original proposal, was the council part of that -- excuse me -- the agency board part of that discussion with the first exclusive negotiating agreement?

>> Harry Mavrogenes: Not discussions, but you did approve the ENA, the exclusive negotiations agreement with Urban West in May of 2005. You approved an extension in November of that year, and then you approved a development agreement, a DDA, in June of 2006. So you approved the actual agreements. We negotiated them for you.

>> Councilmember Campos: Did -- and remind me, since law says that it doesn't need to come into closed session, Rick, if the director wanted to bring this into a closed session for discussion, or to -- for information only, would he have that ability to be able to do that?

>> City Attorney Doyle: Not just for information. What the law requires is, the director, whoever negotiator is, is to come into closed session to seek direction from the board on price in terms of payment. So what you'd sell the property for and what the terms of the payment would be. And it's a very limited ability to come into closed session. But he has that ability.

>> Councilmember Campos: So he does have that ability to include the council, or seek council's input, if he chooses so?

>> City Attorney Doyle: Right. It's not required but that's an option.

>> Councilmember Campos: And so Harry, how many times have you -- and I know that we've negotiated, you've negotiated other property. How many other properties have you sought input from the council?

>> Harry Mavrogenes: On price? I really don't think there have been any in recent times. Generally we've brought the -- when we have brought the development agreements forward, or the ENAs there's some reference to it but I've not come back solely for price, in closed session, no.

>> Councilmember Campos: Are you telling me you don't think or you know you haven't?

>> Harry Mavrogenes: I don't recall anything where we've come back in just for price.

>> Councilmember Campos: Is there a note that you can put that in a supplemental memo?

>> Harry Mavrogenes: I can put that in a memo for you but I will certainly look.

>> Councilmember Campos: I would appreciate that. I think that's important. Was this particular deal brought to closed session for council's input on price?

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>> Harry Mavrogenes: It was not. It's being brought to you right now in open session.

>> Councilmember Campos: Okay.

>> Harry Mavrogenes: Feel free to discuss as you have price or any other aspect of the deal.

>> Councilmember Campos: And why was it not -- and because you have that right, why in your thinking -- I'm trying to understand your process, on why you didn't feel you needed to bring this to seek input from the board.

>> Harry Mavrogenes: Well, again, I felt it was a -- well, again, I felt it was a pretty fair price. We had an appraisal to back us up and you have an opportunity in closed session to discuss it all you want. There's no reason to have it behind closed doors.

>> Councilmember Campos: Okay, and that's a very good question. Because Harry, I saw you last Tuesday at council and mentioned to you that the first time that I had heard about this was by opening up the paper, and reading the front headlines. And to my surprise, you responded, well, you would have known if you hadn't cancelled our one-on-one. I see you every Tuesday. I see you in closed session. You have my home number. You have my cell number. And I was taken back by that. So I'm trying to understand your thinking on why you felt that you couldn't pick up the phone, and that the only way of communicating with me is in a one on one session for something that is so important. If you felt that the appropriate place to have had this is only in an open session, I'd like to know, how many other councilmembers you did talk to this about, whether it was on a one on one session or not. And if you don't have that information I'd be more than happy to see that in a supplemental memo as well.

>> Harry Mavrogenes: Okay, I'd be happy to provide that for you.

>> Councilmember Campos: Thank you. The other questions I have is more in the memo, when we talk about the parking. And I know that right now, we have two parking lots that are in the process up for negotiation. And what will happen to the revenue that will be generated in the next three years, if they do not develop the property soon?

>> Harry Mavrogenes: Abi.

>> Abi Magamfar: The purchaser will retain the revenues, councilmember.

>> Councilmember Campos: Okay. And I also know that -- in your last redevelopment budget, I know that we had to seek some funding from the City of San José. For the budget. Did that come from the park? Parking --

>> Abi Magamfar: The agency's budget included a loan from the parking fund which was in the A \$6.8 million.

>> Councilmember Campos: 6.8 million, okay.

>> Harry Mavrogenes: And that's to pay for debt service for the -- one of the city garages that we have built.

>> Abi Magamfar: That is correct. That will take care of two years of debt service on 4th and San Fernando garage.

>> Councilmember Campos: And so -- and Rick, you let me know if this is something that needs to be discussed after we decide whether we move forward. So the funding, if this does move forward, would that funding be able to make the General Fund whole, would the 6.8 be able to be used for that?

>> Abi Magamfar: The agency's proposed budget that was approved on February 23rd included all the elements, including the borrowing up to \$6.8 million from the parking fund to pay for two years of debt service and

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the revenues from this sale that is \$20 million. That's how a balanced budget was presented to the board, approved, and adopted. So to that end, there are no surplus revenue to pay anyone back at this time.

>> Harry Mavrogenes: And it was not General Fund. It was parking fund that was used.

>> Councilmember Campos: Parking fund, thank you. The other question is, you did mention that the company that we're in negotiations with for this property would receive the revenue from the parking lot, correct?

>> Abi Magamfar: That is correct.

>> Councilmember Campos: Do we know how much money that is in a year?

>> Abi Magamfar: We know the current level of revenues that is collected but we don't have any figures moving forward.

>> Councilmember Campos: And why wouldn't we do that to find out what the projected figures are?

>> Abi Magamfar: Because we don't know what the purchaser will charge, whether they will change rates or not.

>> Harry Mavrogenes: But if they stay the same roughly how much will they be, I guess that's --

>> Abi Magamfar: The revenues approximately are \$650,000 a year on block 8, and somewhere in the neighborhood of \$500,000 for block 2.

>> Councilmember Campos: And Abi, this is really crucial information. Can you tell me why it wasn't included in the memo? That is for our discussion? And also for our deliberation as we read these prior to coming to today's discussion. Is there a reason why this crucial information was not included?

>> Abi Magamfar: The memo was written to reflect a sale condition, not necessarily foregone revenues or future revenues that might be generated by the purchaser. And we're happy to answer any of those questions and provide you with that information as needed.

>> Councilmember Campos: Okay. So I actually would like that to be included in the memo, as well.

>> Abi Magamfar: Certainly.

>> Councilmember Campos: You know, mayor, I have a lot of questions and I'll probably be here for a while. But I think one of the things that is really concern for me, and we're in the day and age about open and transparency, and being able to have all the information at our fingertips. I still have questions that I've asked the Redevelopment Agency. I know they're going to put a supplemental memo together. I think the other question was brought up by Councilmember Pyle about the question about prevailing wage. I'd like to have that information, as well, from the legal standpoint, and I know that you verbally read that to us, Rick. But I think that's also important to understand, that that aspect, and to also understand is, does the agency board have the ability to be able to require that, in the future, if the Sobrato company decides to build on this property can it be build through prevailing wage? I have all these questions, I think it's appropriate to be asked for those important questions and concerns be addressed before we take this vote. So I would ask for the America of the motion to ask for a friendly amendment to be deferred for a week, so that we could have those discussions. I would really like to be able to support this. To move forward. It's unfortunate that a reputable company and family is caught in the middle of I think a process that was not very open, in my perspective, and I see in a few letters and e-mails from some constituents, around I think, in light of some of the concerns that have been brought forward, I think it's appropriate to have those questions and concerns answered, before we take such a crucial vote that could be very important to the city.

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>> Mayor Reed: I think that was a request for a friendly amendment. Councilmember Liccardo.

>> Councilmember Liccardo: I understand there's time sensitivity here, so I would like to hear either from Tim or Harry about what the time sensitivity is so we can understand what the impacts might be of a deferral, before we make any decision like that.

>> Harry Mavrogenes: I'd like to have Tim Steele come down and answer that.

>> Councilmember Campos: I'm asking just for one week, and then I'd like to have a legal perspective from Rick on the one-week deferral.

>> The 1031 exchange is a deferral of the tax consequence of the money that we've got in an escrow account. If we don't close it or we have a firm commitment from you that we can close it by the end of May we're going to have to walk to a different deal. The tax liability we have in that deal is so substantial, it's allowing us to pay the price that we currently negotiated. If we lose the opportunity to use the funds for that deal, our interest would continue but it would be at a different price point.

>> Councilmember Campos: Rick, if I ask for one week would that impact their ability to meet those demands?

>> City Attorney Doyle: From our standpoint, no, but it's really a deal issue. Because what we're looking at is the 30-day escrow then, and Tim, we have a May 27th closing date. If the question is from your standpoint, if the board were to say, we want to bring this back on May 27th, is a 30-day closing period sufficient to do the deal?

>> It's not the closing. It's the commitment. If I'm going to not buy this property I have to know it now. If I don't have a commitment from the agency I have to then put the money in a different direction and do the due diligence and price negotiations and still retain enough time to close a different deal.

>> City Attorney Doyle: So is what you're saying it's either today or it's not going to go?

>> I'm very interested in the property and the Sobratos are very interested in the property. But as I suggested, these dollars have a tax consequence which if not spent are allowing me to pay more if you will than maybe the normal market price. If we don't get a commitment and I have to then redirect these dollars the interest would be probably@a different price point.

>> City Attorney Doyle: Can you delay it one week to get that commitment, that's really the question on the table.

>> The closing yes. The ability to find a different property and as a backup property we'd have to start today and I'm not sure they're willing to keep both going.

>> Councilmember Liccardo: I think I have a pretty clear understanding at this point. Certainly in some ideal world there might be a way to defer this but I think it sounds like we're putting a lot at risk here. It seems to me that we're at a public hearing now. We have an opportunity to ask all the questions get all the answers out. This is the time to do it. This has been public knowledge, this deal has been, for about two weeks. I know the report's been out there, it's been in the media. I think we ought to be asking the questions now, getting answers now, and let's vote on this today. I think I understand the consequences of the loss of the 1031 exchange. Federal tax consequences I assume are pretty substantial. I don't think we're going to see \$20 million for two and a half acres for a long long time.

>> Mayor Reed: I take that as a no to the friendly amendment.

>> Councilmember Campos: I have a few more --

>> Mayor Reed: Councilmember Campos.

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>> Councilmember Campos: A few more questions, thank you mayor. And just to clarify this being a public document and it being out there, I found out that, as exactly 11:45, that if we sold this property, that it would not be subject to prevailing wage. So to correct you, yes, it's been out there. But all the information that pertains to this property has not been out there. And I think that's what I'm having a real problem with, is that as much as we want to believe that all the information's been out there, I think staff did not disclose a lot of information. I'm not an expert in redevelopment law. And I look to professional staff to disclose everything to me before I make a decision. And I'm really, really concerned about how I've had to obtain information. And if it wasn't for the attorney's office, disclosing to me, and me asking the right questions, I wouldn't have had this information disclosed to me. So I think -- I hear the Sobrato company. This has nothing to do with your company. It has everything to do with the process, and how, as a board member and as councilmember, I received information in an untimely manner. And I am really concerned about moving forward with this, without a deferral, to be able to ask some questions that I've asked and have those answered.

>> Mayor Reed: I think City Attorney had a comment to answer your question about the prevailing wage.

>> City Attorney Doyle: I want to note the issue, with respect to the prevailing wage. The redevelopment law requires, under state law the redevelopment agency is required to have the developer pay prevailing wage on any project where there is a subsidy from the agency. In this case, you have a fair market deal, it's a fair market price for the land. And so state law requirement that any construction on the property that they pay prevailing wage is not a legal requirement. The board may, as a matter of policy or business decision, want to ask for the prevailing wage to be included. But that's not a legal requirement. And it's not included in this deal at this point.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Mayor Reed I know Councilmember Constant had wanted to speak before me before the electronic chart work. So I'm happy to defer.

>> Mayor Reed: That's right, we lost a little sequencing, Councilmember Constant.

>> Councilmember Constant: I don't matter if he goes first but I'll never turn down a microphone, so thank you. First of all I wanted to reiterate something that Sam said earlier and that is, that we're looking at a deal that is above market value. And in today's economic times, in what we see going on throughout the valley, on property prices, quite frankly, I think we would be doing the city and the agency a disservice by not moving forward today. I think that quite frankly, being uncharacteristically blunt, to Councilmember Campos, I knew about this 14 days ago when the agenda item came out, and I had 14 days of opportunity to ask Harry or any of his staff any questions. I also had the opportunity to put out a memo, a supplemental memo, asking for information to be brought to this meeting. And that's an opportunity that every one of my ten colleagues on this board had the opportunity to do, as well. So if there's any unanswered questions, I think it rests -- rests squarely on the shoulders of the people sitting at this dais. And you made a comment about, in a day of openness and transparency, that we should have had a discussion in closed session. And that's really backwards. I mean, the fact that we're doing this in public, I think, speaks to the integrity of our redevelopment agency. And it speaks to the commitment of this council to do things in public. I would expect, if this were the only time that we ever in the history of the RDA, had them negotiate a property sale and bring it to us and it was completely out of the ordinary, maybe we would be asking those type of questions and you know why the process has changed. But we've heard our redevelopment agency director clearly tell us that this is a process that has been used before and that the RFP process has been mainly utilized when we had a specific intent for the usage of the land. As to why the RDA doesn't have information of potential revenues that are going to be created on that land, I don't believe those belong in a Real Estate negotiation memo, because after the board's action, we don't own the property. And whether Sobrato decides they want to put a park lot and charge revenue or they want to give free parking or they want to charge ten times market rate for the park that's the beauty of the property rights we have in this country, is you can do what you want within the zoning regulations of your property. So you I don't think it's really pertinent at all to ask Sobrato or to ask our redevelopment agency you know what the revenues are going to be. I don't care how much revenue the sandwich shop down the street makes. That's a business decision that they make when

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they enter into a contract with the city. And I'm sure that they did more than the average due diligence to ensure that they would have a property that they would be able to generate whatever income they need for their business model, in preparation for their development. And I don't think it's really our job, as a board or as councilmembers, to get in the middle of that. I think that we have -- the line of questioning, if this came to us at 30% market value, or 40% of market value, perhaps, like the property I was upset about on forest avenue that was being sold for 12 cents a square foot or some ungodly number, then those would be questions that would be pertinent. But we are talking about a deal that people that we trust that we employ, our redevelopment agency director reports directly to us, we trust him. This is what we pay them the big bucks to do, is to go out and make these deals for the agency, for the benefit of the city. I have every confidence in the director, and the board, and I think that they have done what they need to do to bring us the RDA and the City of San José, the best deal for this land. So I'm glad that Sam didn't accept the deferral amendment because I think it is something that we should take action, and I just want to reiterate, it's been public information for 14 days. And the fact that the paper utilized the information before the council offices is not the fault of Sobrato or the redevelopment agency or its director. So I urge my colleagues to move forward on this. This is a good thing for everybody involved. I believe this is a very big win-win, and for both sides, and a win for the community, as well. I urge you to all vote for this. And then in disclosures, I did have my one on one with Harry and I asked my questions at that time and I also spoke on the phone with Mr. Steele. Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor Reed. I would not support a deferral on this item. It's pretty clear that we are in an opportune time when an organization family/company, involved in San José and has the tax timing to pull this off to pay us above market rate for parcels. Redevelopment agencies all over this country assemble parcels of land for the purposes of development. They land bank. Then they sell those lands for the other opportune moments. The money will be used at the discretion of this board, however it seems to be fit. The agency director will have their recommendation but at the end of the day it will be the vote of this redevelopment board how that money is spent in the future. To the Sobrato family/company I have an apology to you. I'm not sure exactly what's transpiring behind the scenes here but I assume somewhere along the way someone was offended by something, I don't know what that is, but that has really little to do with a real estate transaction. The other side of the fence is, Sobrato is one of the few organizations that still has the ability to pull this off. Yeah, maybe we could sell it to someone else for under this price. But it will sit there as a parking lot for an extended amount of time. Versus I have the confidence for anybody that has the ability to build a pretty substantial office building, unfortunately vacant due to the market timing but still there was done 100% on their own and has the impetus to move forward. We all have the discretion to ask questions. I am certain to ask those before. I do encourage curiosity, but I would like to say that this is the time and, you know, obviously again this agency board can decide how to spend those moneys in the future. Thank you.

>> Mayor Reed: I'd just like to go back to the budget discussion, which we started a long time ago in order to get this year's budget approved by the agency. We have consistently asked the agency to generate funding in order to continue the agency's operation and do a limited number of projects. And we would not have been able to approve the budget that we approved without the assumption that we're going to have some miscellaneous income as I referred to it earlier. And the sale of land was the biggest component of the miscellaneous income that the board the council wants the agency to generate. And the discussion of selling this property and other properties in order to continue the agency's work was part of the budget process. So they have done exactly what we asked them to do, to bring back a transaction that's above market, considerably above the market rate by some measures, especially if you look at the rates we just approved for the in-lieu payments for park land. This is substantially above that. And so we've got a -- we don't even have to worry about the credit. We've got cash. Nothing better than a cash purchaser at above market rate. And it's something we asked them to do and I think they've done a good job putting it together and I'm glad we have this opportunity, because the Sobratos are motivated to pay us more than the appraised value in order to close their own deal. And so I think we should take advantage of the opportunity. If we don't do this we could be looking at a substantial hole in the redevelopment agency budget that we're going to have to fill by cutting projects, or staff, and I'd prefer not to do that. Councilmember Herrera.

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>> Councilmember Herrera: Thank you, mayor. First of all I want to thank Harry and his staff for the excellent work in bringing this forward. And thank the Sobrato company for interest. And I guess I -- at the risk of asking you to come back forward Mr. Steele I wanted to have a chance to ask you a question. I think that you know we do have to trust the RDA but in the final analysis the board here has to make the decision. And my colleagues have questions. And they may have -- they have some questions that go beyond my questions but I respect my colleagues on this board. And I've been in business and I know what it's like to have uncertainty in a deal. We all want -- we want that certainty. But I would really hope that one week delay, because what I'm hearing from my colleagues is they want this deal to move forward. They want the questions answered but ultimately they want this to move forward. I know I do. And I just want to ask you again, if we could get a one-week delay, with the intention of moving this deal forward, once these questions are answered?

>> I don't know how you give me a confidence that you're going to move it forward if you have all the information tonight relative to the deal. I can't make the decision. I have to go back to the family. But we've really deferred it quite a bit. Normally you try to identify your choice early, so you have sometime to do due diligence. I can't tell you what the family would do. But I tell you what, they've been pressing me to try to get this. If you look at the paper we actually tried to advertise it a week earlier and because of some noticing typos, the agency's counsel decided to notice it two more weeks. So we've already deferred it a week based on what our original schedule was for comfort level. So I'd have to get back. But I tell you, we're pretty stressed now. So I can't tell you we'd be here next week.

>> Councilmember Herrera: I appreciate that. And I think if we were talking about longer than a week delay I would be very, very concerned. I really would like to be on board that my colleagues have their questions answered, I think there's genuine concern for information they would like to have and questions that folks would like to have answered. And I have heard and I believe, I believe people when they say they would like this deal to move forward, once those questions are answered. I know that I would like to see that and so I would hope that the Sobrato corporation, the Sobrato family, would work with us for a week on a very short delay here to move this forward.

>> As much as I'd like to accommodate you, I can't promise you.

>> Councilmember Herrera: I hear you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you mayor. I had one question I think has been raised by a couple of councilmembers, alluded to the park lot revenue. I know as Councilmember Constant indicated, whatever someone wants to do with their own property is their own business. But there's something that I'd like accounted for in the valuation of the property. Like what kind of revenue generation is currently occurring so that's considered given the market and that development all to occur, getting over \$1 million a year just in revenues, is that incorporated into the value or not?

>> Abi Magamfar: Councilmember, Pete is going to help me with the answer. But I wanted to clarify, on the numbers that I provided earlier to board member Campos's questions regarding parking lot. Those are gross revenues. The net revenues for block 8 is slightly under \$300,000 a year, and for block 2 is slightly under \$200,000 a year. So the net, is total, under \$500,000 a year. And those revenues, currently and for the past 9 years, have been going to the parking fund, not the General Fund. And when these parcels are no longer available under the operation by the city through the parking fund, the city park fund will have further saving by reduction in staffing and other expenses associated with this two lots, so there will be reduction in revenues, but not necessarily to the tune of \$500,000 a year.

>> Councilmember Kalra: Okay, so it's not 1.1 -- it is actually about 500, but is that accounted for or is it just looking at what the land can be used for and is that where the value is?

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>> The appraisal looks at, in this case looked at comparable land sales. The conclusion by the appraiser was that the income on the properties wouldn't come close to justifying this price. So they looked at what would be the highest method -- what method would yield the highest value on the properties, and that was through looking at comparable sales for heist and best use.

>> Councilmember Kalra: Okay, thank you. And in regards to the discussion that's occurred, you know I think as Councilmember Herrera properly put forth, there are legitimate questions here and he we all have different questions that we feel are pertinent or not. I don't think it's up to any one board member or councilmember to feel what is pertinent or not pertinent. The reality is, it's a \$20 million deal. It sounds that even though those of us who have questions feel like it's something important for us to give serious consideration to and to consider all the ramifications of it. You know, it is, although it is only two and a half acres as Councilmember Liccardo alluded to several times, that same sold 28.6 million in June of 2006 and if we want to buy it back in three years we're going to have to pay 26.6 million for that same two acres. It's not just the size, of course it's the location of where it is, it is a prime property. A developer like Sobrato could very well be as we know them to be a reputable and good developer could very well be the appropriate choice for this location. The fact that the price that we're getting is above an appraised price by itself does not mean it's the best price we can get. Although I have gotten some answers today that indicate to me that it very well may be the best price we can get. But there are more questions that have been asked today and one more question I would ask is, on the appraisal itself, to get more detail about how they arrived there. Some information was given for example because of the market conditions, the discount of 15% and so on. So I guess more of elaboration how the price was arrived at, so we can feel confident that it really is a generous deal, in terms of the benefit that both Sobrato's getting by doing the exchange and we get to see some of that benefit by getting an increased rate above the market rate. I do find it condescending, Councilmember Oliverio, to assume that the question that I or any of my councilmembers are asking are for any other reason than our actions as board members for dual diligence for purchase of \$20 million of land. We're doing our best to be sure that this is a good deal for the agency. I've gotten really good answers to some questions today as indicated by Harry, you know, this is meant to be an opportunity to ask those questions in public, in a public setting, in open hearing which I think we're all in favor of. But just because we're not all -- we haven't gotten all the questions answered or we're not comfortable because we just got answered today does not mean that we're in any way -- you know, that we're flat out opposed to this. As indicated if we can have one more week to get some of these questions answered, this is the kind of project that I would be -- and I have in the past been happy to support this kind of project, especially if it can get long needed revenues and especially if it can go to a project like the Diridon station project, the Diridon area project where we know that the general proposition have already given our statement as a council that we're in favor and as redevelopment board that we're in favor of doing what we can to attract a baseball team. So I don't think it's unreasonable to consider a one week deferral to get these and other questions answered. I certainly understand the tenuous nature of these business arrangements and that it would likely put Sobrato again for one more week in a situation in which they're -- they have some uncertainty. But it is not our responsibility to simply pass along a deal that we think is good if we don't have questions answered that we feel are important to us as an entire board. Of course, if six board members agree we will go forward but I think it's important for us to respect the questions that we all have and to respect the fact that we're doing this in the best interests of our -- of our city and of our residents and that we certainly want to see something great at that site. We want to see something great in the Diridon area and we're -- we just want to make sure at least from my perspective I want to make sure that we act in the manner that all of us feel or at least for the most part feel comfortable with.

>> Mayor Reed: Vice Mayor Chirco.

>> Councilmember Chirco: Thank you. My husband and I have been involved in 1031 exchanges. And I know the property tax consequences are pretty significant. I also know that there's usually three ways that a property can be appraised. It's using comparable sales which is what I understand was used as a basis for this appraisal, is that correct?

>> That is correct.

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>> Councilmember Chirco: And the other two are what it would cost to rebuild a construction, since this is a parking lot some that really is a nonissue. And the other one is, the income generated, and I've heard generally what the income is. And so that's not a viable appraisal methodology either. So you get to the comparable prices. And if you could just review the range of appraisal values, using that criteria, I would appreciate it.

>> The range of appraisal values of comparable sales that the appraiser felt were within range of analysis, range from \$85 to \$250 a square foot. If you look at the properties that are -- if you look at the cluster towards the middle, it's -- if range is nor in the neighborhood -- the range is more \$160 to about 225. The appraiser then applied about a 15% discount on most of those properties. So that range would be about \$140 per square foot to approximately \$190 per square foot. The appraiser concluded that the value these properties were \$175 per square foot. The \$190 is based on the sale to valley transportation of what's known as the Mitchell block. It's considered a better location by the appraiser. So this was near the high end of that range. The 175. The negotiated purchase price is \$182 per square foot.

>> Councilmember Chirco: Thank you. And I also know if there are no public dollars involved or benefit from public, I totally believe in prevailing wage. If you're getting a benefit of the community or the public dollar, or public facilities, it is my understanding, that this particular sale is market rate, as defined by the appraisal you just covered, and that there is no public subsidy in any way, shape or form going to Sobrato. It is just simply a sale of property, at market rate, which will put the property back on the tax rolls.

>> That is correct.

>> Councilmember Chirco: I absolutely respect the questions I've heard my fellow councilmembers put forth. I know that this is very much a part of our budget. And having dealt with property and lenders and availability of money for the last two years, I'm grateful that the Sobrato family is in the position to use a generally or widely accepted methodology for appraising property that is defensible and understandable, and I will be supporting this motion. And it's not to disrespect my fellow councilmembers and their questions. My concern is that reasonably, the Sobrato family cannot continue to pursue this sale if it is not -- if they don't have confidence that this is moving forward. They have to go out yesterday and start looking for another place to protect the exchange that they have -- the 1031 exchange that they have talked about. I am sorry that there are questions that will hang in the air. I think they're questions that we should get answered. But in this case, I think this is a fair price for a fair product. And in these economic times, I think that's the best, and as fiduciary responsibility keepers for the community, we need to be aware of that responsibility, and act to support our community. Thank you.

>> Mayor Reed: Councilmember Nguyen.

>> Councilmember Nguyen: Thank you. Harry, I have a couple of questions. In regards to a couple issues that were raised by a representative from urban west associates. There's a letter that's dated April 13, 2010, and in the letter he addressed a couple of issues. One has to do with the fact that there hasn't been any communications transpiring between the RDA and his company in terms of the relationship that took place, in terms of their interest in purchasing this property back in 2006. And so I was just wondering, for the sake of transparency, and putting everything out here in the open, if you just briefly share with us what has happened from that time until the day that we received this letter?

>> Harry Mavrogenes: Well, the -- as we said earlier, we had been working with them for over a year. We've given them over a year to cure defaults. We sent letters in November. We sent another letter in December. Subsequent to that, I've had discussions with their attorney. Their attorney had expressed a desire to speak with the Sobrato company. I encouraged them to get together. I understand there was a phone conversation there. But I think in reading his letter, he recognizes that there's no way that they could proceed with the project. But they would love to have the money for the money they spent on the plans. That happens with development. People put out plans, the projects don't go through. It's unfortunate but we can't reimburse them for that. It's a risk three took to get a very favorable development opportunity. But I think we did everything we could to try keep the project active over the years, to help them through the process and at the end it's over. In

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December we really said it's over, there's nothing else to do. So we proceeded with this arrangement to bring something forward.

>> Councilmember Nguyen: Thank you, Harry. And then the other question I had was, what was the price that urban West associates were willing to pay for these two properties?

>> In 2005, it was over \$28 million. It was subsequently reduced in 2006 by about a million. And some other costs were reduced. Now, that's a different world. They're not able to pay that now. They wouldn't be willing and I think they were quoted in the newspaper saying that they dodged a bullet, basically, that by not having to do the development they saved themselves from losing a lot of money. That deal would not happen today.

>> Councilmember Nguyen: So in 2005, it was going for \$20 million, in 2006, 27, obviously with the downturn of the economy, it has -- it's been reduced to \$20 million which Sobrato company is willing to purchase.

>> Harry Mavrogenes: Yes.

>> Councilmember Nguyen: So if I'm being optimistic in looking at the fact that the recession will be over sometime in the next couple of years these two properties might incur more than the amount than we are willing to sell to Sobrato today?

>> Harry Mavrogenes: It's very possible in the future but then again you're looking at investing this money in other opportunities. And those will be more expensive, too. So what you have to question is your opportunity cost.

>> Councilmember Nguyen: Absolutely. I completely concur with Councilmember Herrera. I do, you know, I do have some those questions that have been asked by both Councilmember Kalra and Councilmember Campos. And so I'm not comfortable moving forward with this when we have lingering questions in the air, and you know, if Mr. Steele is willing to you know either step out and make a phone call, text message, do something to get some kind of correspondence from the peel that you represent, I would really love to support this project. But I just feel really uncomfortable supporting it, when my colleagues have questions that have not been answered and these are really crucial questions. So I'll just leave it at that.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. I pretty much -- I think Councilmember Herrera had asked the question so I don't want to ask, attempt to come back here and ask the question again. You know, a lot of information is coming to us this morning. So I do respect Councilmember Campos's concern of getting those questions answered. I think he's coming down here. No, no, I say I don't really want to wish you a trip down here. So I will not be supporting the motion.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you, mayor. First of all, I want to say, to the Sobrato company and Tim, that I appreciate you being very candid about the process, and how staff delayed this, which really puts us up against a wall, that -- a position that we really shouldn't be in, when we are having to make such a big decision and take a vote. So I think if anything, I apologize that there wasn't a little bit of cushion for us to be able to have this discussion. So that's just another thing that I think is very disturbing about this whole process. The other thing I wanted to address is my councilmember who I work with, Oliverio, I -- I truly believe that if you feel that I'm offended by the fact that I'm having to come here and ask questions, and that there may be something else on the -- underneath all this, is wrong. And I think if anyone is offended, it might be you and a couple of my other colleagues because I am asking the questions. This is my only time to ask the questions and I wouldn't be doing my job as a board member if I didn't ask these questions. And the questions I'm asking are questions about this process. And the more we have this discussion, the more I'm hearing how this process was not a smooth process, and a process that really prevents us from being able to have staff come back and answer our questions

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that I think are very important to this vote. The last thing that I wanted to say before I make a substitute motion is that Councilmember Constant mentioned that he had questions, he directed them in a memo to staff. And I don't see those questions -- if they went in a memo, in this packet. And if there were questions that are important, to this project, that he asked, I would like to see them in this motion. In this packet.

>> Mayor Reed: Wait up, Councilmember Constant, let her get her question out. If I misunderstood you, then you'll state that. So I'm going to put a substitute motion, and I'm going to ask that we defer this with one week, and I want to reiterate that this has nothing to do with the merits of the project. The proposal that is before us. It has everything to do with how we got here and questions that I think are very crucial, before we take this vote. And staff, if it's found warrant that you defer this to a point where we have no wiggle room, to be able to make a thoughtful and have a thoughtful discussion, I think that's something you need to evaluate. I'm not going to say that it's true, because I don't have the time line of what went on between you and the Sobratos, in the discussion about bringing this to the council in a timely manner. But I'd also like to be able to see that process. And if it was deferred on your end, and the Sobratos did ask for it to come to us earlier I would like to know that as well. So with that my motion is to defer this for one week and have all our questions come back in a supplemental memo in a timely manner. And I'm hoping that my colleagues will support this so that we can be able to take this vote next week. With all information.

>> Mayor Reed: We have a second from Councilmember Kalra. I want to go back to Councilmember Constant's question about a memo.

>> Councilmember Constant: I don't think Councilmember Campos understood what I was saying. That's not what I said. I did not say I put a memo out.

>> Mayor Reed: Okay, so there's no memo that's --

>> Councilmember Constant: No.

>> Mayor Reed: Okay. On the motion, I think if we deferred this for about an hour and 15 minutes that 99% of the questions I heard answered here today could probably be answered by staff. Because questions I heard was, Harry needs to go check his records, and some things put together. We could kick this to the end of the agenda, take up the general plan tasks, and see how many of those questions can be answered. And then evaluate whether or not we need to defer it for a week. I think deferring it for a week is a big risk. The \$20 million risk could put a big hole in our budget. And I'm very reluctant to take that risk. And I think if we deferred it to later and let staff go see how many questions they can come back and answer on the spot that would be helpful. And maybe we still have to defer it for a week. But I think at least most of the questions that I heard could be answered if staff has a couple -- well, maybe more than a couple of minutes but some time to put it together and then bring it back to us. Councilmember Liccardo.

>> Councilmember Liccardo: Mayor, if you'd like to defer this item and come back later this afternoon I'm happy to hold my comments until that time.

>> Mayor Reed: Well, that's not the motion on the floor. The motion on the floor is for a one week deferral.

>> Councilmember Liccardo: Right. That's fine. I'm happy to -- at this point I understand there can be no substitute motion made. With the substitute motion made is that fair to say?

>> Mayor Reed: The City Attorney said that's right. .

>> Councilmember Liccardo: Would the America of the motion consider a friendly amendment to defer this item until the end of the afternoon? To allow staff to return with answers to some of the questions that have been posed?

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>> Councilmember Campos: I'm not going to accept that friendly amendment. I've put a motion to defer it for one week. And I think that staff needs to go back and bring back all the information. And I'm not confident that they can do it in an hour. So I will not accept that at this point. It's a vote. If it doesn't pass, then you can put a motion on the floor to defer it for an hour and come back at the end of the meeting.

>> Councilmember Liccardo: Okay, that's fine. I'd like to make a few comments then. Rick, how long has it been the rule that when public money is in the deal, prevailing wage applies and if public money is not in the deal, the prevailing wage doesn't apply in redevelopment prices?

>> City Attorney Doyle: Well, state law was amended a few years ago to -- so it's about four five years.

>> Councilmember Liccardo: Okay, and it's been that way in state law for several years?

>> City Attorney Doyle: Yes.

>> Councilmember Liccardo: And any local policy that's changed on that in the meantime?

>> City Attorney Doyle: No, the city has prevailing wage requirements, are living wage requirements but there is the prevailing wage rule applies on Public Works projects as well.

>> Councilmember Liccardo: And if you were asked the question a couple weeks ago when the memo first came out and this issue just hit the news, would prevailing wage apply, would you be able to answer that question to a councilperson asked the question?

>> City Attorney Doyle: Yes.

>> Councilmember Liccardo: And I just want to be clear. That apparently is the information that Councilmember Campos heard for the first time at 11:45 this morning. That's the information that's been hidden from Councilmember Campos all this time. It is publicly available information, widely known among many developers, among folks who work in the redevelopment agency, Vice Mayor Chirco, mentioned being very aware of that rule. So this was a critical piece of information that was kept from the board. Apparently, the loss of parking revenue was also kept from the board despite the fact that after repeated revisions of downtown strategies and plans, that we can count back 20 years, the vision for downtown is not a future of surface park lots. In every downtown plan for development we've consistently upheld the vision both in the community and the council that parking revenue on those sites will be lost when we're going to build vertically on those sites, block 2, block 8, anywhere else. So this notion of somehow or other we're going to lose parking revenue and that's news to anybody is remarkable to me. In fact I know it's been publicly discussed here because when we had all this discussion over the parking fund, and various issues that have come up around the parking fund and when we talked about the RDA budget and some of the parking incentives the fact that we'd be selling some of these surface sites and losing that revenue was in fact publicly discussed. Now, we face a very real possibility of losing this deal. And if we lose this deal it doesn't just blow a hole in the budget, it significantly sets us back in our attempts to go forward with perhaps the most significant economic development project in the history of our downtown. That's a half a billion dollar privately financed baseball stadium. I think we ought to think long and hard before we decide that someone else can take the risk for a week long delay. Because we didn't ask the questions we should have asked two weeks ago when this was public knowledge. It's -- you know, Councilmember Kalra's right, that's not up to any councilmember to decide what's pertinent to the councilmember to ask. It's up to the individual councilmember to determine what's pertinent for them to ask and to ask those questions. And when Councilmember Campos says, this is my only time to ask you questions, that's a quotation of Councilmember Campos, how wrong she is. How many times did each of us ask questions directly of staff privately, publicly, in the days and weeks leading up to every vote. And because somebody decided not to exercise their due diligence, we're at risk of losing a very significant deal for this city, not just here, but in future deals that are contingent on the sale of this property. I think that's a shame, I think that's a very poorly reasoned deferral and obviously I won't be supporting it.

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>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. Today I learned about the 1031 exchange. I did not see that in any of the information that was given. I didn't hear about the background of the entire business transaction. So it seems to me that we shouldn't have to pull every little bit and fiber of information on the dais or before it. So there has to be a more complete process. I agree with my colleagues in reference to that. Because of my experience in the Real Estate community, however, I know, dramatically well, how difficult 1031 exchanges are. And I have personally been involved with that, as has my colleague, Judy Chirco, and so I realize how tenuous and what a difficult position we're putting the Sobratos into. So because I do have and I think all of us share this, we all have a deep respect for the Sobrato family. I frankly don't want to gamble with our deep hole of economic -- the abyss that we're all in because of the downturn. I think it's important, it's part of their economic development that we need to do, in order to get out of that hole. So I am not going to vote for this substitute motion. And I hope that we can come to some resolution. I am admonishing anybody I can with the redevelopment agency to be much more diligent in providing information. It's a good opportunity for us to not have to come back and say we did not get enough. Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, Mayor Reed. I want to thank so many times we're up here on the council and each of us carry our own personalities and our own backgrounds. There are some that come out with pure eloquence time and time again. Vice Mayor Chirco, when you come out and you bring out your 1031 experience and the understanding of what it is to be someone who manages property, you bring the relative experience of what is needed in certain kernels of time, and that's right here. I really appreciate the Vice Mayor making her statements on the anxiety of 1031 exchanges which is what we're faced with here with the possible suitor of the property. So I think even with the questions that are -- might be remaining, the fact of the matter, is is this a good deal? And I think the answer apples yes. I think he we've had this multiple times. I think Joe Horwedel if you could just come up, I'm only pulling you up to give an example of property in the area. The old BA property on North First Street, I think you're familiar with that one. You told me a little anecdote about a month back, two months back, about how the price just went from here to here. Can you share that with me again?

>> Joe Horwedel: Yes you get back in the numbers. When BEA bought the property, it was in the like 100 million range. That then that property got bought by Tishman Spier, that they bought it for less than where it was appraised, and then about a month ago that property was repossessed and offered on the court house steps for \$50 million, of which \$25 million of value is sitting there in traffic fees, and there were no bidders for that property. And that is a fully entitled 2.5 million square feet property up on North First Street.

>> Councilmember Oliverio: Thank you, Joe. That is just an example of where the real estate market has gone. So in a day and the age when we have this economic opportunity it would be very unfortunate to miss that. I can tell the anxiety, the tension in Tim steele's voice, we're talking about a family, they make a very personal decision where they commit money. It's about pride in the San José region and I'd really hate to kiss this deal good-bye and I would implore the councilmembers to not support the substitute motion to move forward and do this deal. Thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: I meant to turn my light off because Sam said virtually word for word what I was going to say so thanks for reading my mind.

>> Mayor Reed: We do have some requests from the public to speak. I'd like to take the testimony now. Ross Signorino, JosuÉ Garcia, Ben Field and Scott Knies.

>> Ross Signorino: Thank you, Mr. Mayor, members of the council. From what I understand, seeing this particular agenda, from last week, this thing has already been delayed a week. So there has been time to ask all the questions you want. It seems to me. But I am grateful at the same time that you're asking the questions. And

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where they should be brought out, there's still some questions, okay, whatever that can be. But again, it was delayed a week. But now, what I want to say is this, I don't know how the laws of the redevelopment agency works but here's money coming out and we're talking about, and in the background we don't know for sure that this is going to go for some land to get a baseball team here. Which is okay, I think having the baseball team here, downtown San José, is great. But at the same time, I'm thinking about a discussion we had not too long ago, and you remember, about the swimming pools here in San José. Now, this money, this \$20 million you're talking about here, is not strictly dedicated to this land where we're going to try to build a stadium there. I'm thinking how many years, how many years can our swimming pools be left open if we were to take some of this money, whatever it could be, to dedicate it through -- to the swimming pools that we have throughout the city and how we agonized and anguished over the idea how many pools we were going to close, how many we can keep open during the summer. Again we say this is a vital thing for our kids to have during the summer, regardless, it's healthy and it's outdoor and it gives them some activity. Now I'm not necessarily harping just on that. But possibility maybe if we can take some of this money and put it aside for the swimming pools as well. Thank you.

>> Mayor Reed: JosuÉ Garcia followed by Ben Field and Scott Knies.

>> Good afternoon, mayor and City Council members, thank you for giving me the time to speak with you this afternoon. JosuÉ Garcia with building trades council. I'm here to urge you to defer the project to next week and with respect, the building trades respect the Sobrato family as well but I think the community needs to know everything that has to happen to start -- I think most of us going to hear what is going to happen in the beginning of the -- in the first half of the presentation so we were just in the dark. So that's a problem to start. And I do appreciate Councilmember Liccardo's passion, as you know I'm very passionate when I need to be passionate. But prevailing wage is very important to the community. And as the building trades as a central source of information, I get phone calls from workers that don't know if a project is prevailing wage or not. And the community needs to know. It's a big investment. \$20 million is not pocket change, so we need to respect the community as well. We need know, I don't think that Mercury News should be a source of information. If you want to delegate that to them, that's fine but I think staff and city council should be the source of official information from the city and the community's not getting that from the Mercury News. I can go to my office right now and call the Mercury News and I have a list of projects that I need to find out if the project has prevailing wages or not and the Mercury News will not tell me anything about it. So I urge you to delay -- to refer the project until the community gets more information, because it is an important piece of land. In a prime location. And I think the Sobrato family will be successful. But the community needs to have more information as well so we can come back with more input. Thank you.

>> Mayor Reed: Ben Field and Scott Knies.

>> Mr. Mayor, members of the city council, my name is Ben Field. I work for the South Bay labor council. I think many questions have been raised that justify a one week deferral. However, if the council decides to move forward and vote today I want to address some other questions about the deal. It's already been a very traumatic week for the city, with hundreds of city employees getting pink slips. And I'd like to point out that the \$20 million proceeds from the sale if the sale does take place could be devoted in part to resolving the city's \$116 million budget deficit. The RDA owes the city's parking fund over \$5 million. And if the sale does go through, then \$5 million could be devoted toward reducing the City's cuts in essential services. We know from the City Manager's proposed budget memo all the services that are on the chopping block, fire services, libraries, community centers, we could go on and on, \$5 million could save substantial amount of those essential city services. So if this sale must go forward today, if this vote must go forward today I would urge the board to vote, to devote \$5 million of the proceeds of that sale to reducing the City's budget deficit. Thank you.

>> Mayor Reed: Scott Knies.

>> Good afternoon, Mayor Reed, members of the board. Scott Knies, executive director, San José downtown association. I urge you to vote against the substitute motion and do not delay this for a week. And then after you defeat that motion I urge you to approve the motion that was originally on the table. And do this deal. Sell block 8 and block 2. I listen very carefully, I might have missed something because the mics weren't working and I was

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really leaning in and I 11ed to your questions, all of your questions, but particularly, councilmembers Campos and Kalra. Other than a few questions on process it seemed that any of your questions that had any substance to the deal were directly answered here in the session. You asked about the parking, it was answered in great detail. The Vice Mayor asked about specific appraisals, again in great detail. So this is the time if there are questions about the deal, to ask them. The process stuff, you know, get back in a supplemental memo. I do also want to point out that you all had three weeks. So you want to talk about cushion, this is originally on the April 13th board agenda. So we've had already had a one week deferral on this, plenty of time. I know I got our questions, we had concerns about both lots going for sale at once. We had questions about the validation program. We got those answered. Thank you. Approve this deal today.

>> Mayor Reed: That concludes the public testimony. Bring this back nor council discussion. We do have a substitute motion to defer this for one week. I think we've talked that one to death so let me call for the vote on that. All in favor? Show of hands, all opposed? Let me see the opposed. Constant, Oliverio, Reed, Chirco, Pyle and Liccardo. So that motion fails on a five-six vote. So we're back to the underlying motion made by Councilmember Liccardo.

>> Councilmember Liccardo: Mayor, at this time obviously I'd like to approve this project as quickly as possible. But if there are outstanding question, the RDA, members of the redevelopment agency can respond to I think it would be helpful to have all that out on the table. And I'm happy to defer for a half hour or however long it takes to hear the general plan item and come back. So perhaps questions could be articulated and answers could be articulated.

>> Mayor Reed: Let me ask a question about whether or not we're going to be able to have the general plan presentation because of the equipment and the video, the PowerPoint presentation. No, we're not going to be able to do that.

>> Councilmember Liccardo: Okay.

>> Mayor Reed: We could still defer for some period of time if you wanted to take a recess and let the staff put together some answers to questions million.

>> Councilmember Liccardo: I wanted to check in with Harry, if there are questions out there that have to be answered, there may be something out there that still is hanging. It may be helpful if you need a half hour or whatever it may take to respond.

>> Harry Mavrogenes: We can go through our notes certainly and if there's anything missing we'll try to answer. The only thing I could think of is you know, the question was asked whether we've ever approved this type of deal. I just have to check my notes here. But I could certainly go back and try to get you some answers to what I thought was asked earlier, if that's important to get the disclosure out.

>> Councilmember Liccardo: Yeah, I would be, assuming that staff is willing, I would like to make -- I'd like to amend my own motion.

>> Mayor Reed: Why don't we leave your motion there and discuss whether or not we just want to take a recess for staff to go do some research on things.

>> Councilmember Liccardo: That would be fine.

>> Mayor Reed: We can take a vote on whether we want to take a recess. Joe Horwedel has an answer though.

>> Joe Horwedel: The discussion on the general plan, we think we could do that without a PowerPoint. There are a few graphics and would like to kick that conversation off if possible.

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>> Mayor Reed: Okay, we could take up the general plan matter if the council is willing, and then we'll finish the discussion and vote on this item after we do the general plan matter. Seeing no objections to that, let's do that, shift into the general plan. Harry's not involved in that so redevelopment staff can do whatever research they can on whatever questions we have then come back.

>> We have one more item on --

>> Mayor Reed: We have one more item on the agency agenda? We do?

>> City Attorney Doyle: Let me note for the record an Councilmember Liccardo hopefully this will be part of the motion. On page 7, of the proposed agreement, there is a representation that the agency has to make that there are no -- there's no threat of litigation. Obviously, with the letter from urban west we need to do an addendum, at least acknowledging the letter. And that's something we've prepared and that would be part of the deal.

>> Councilmember Liccardo: Okay, so the motion would then incorporate recognition of the possible threat of litigation.

>> City Attorney Doyle: That's correct. And we have a -- yeah -- the close of escrow is May 27th.

>> Councilmember Liccardo: I'll incorporate those amendments to my motion. If that's okay with the seconder.

>> Mayor Reed: It is okay. All right. So City Clerk, are we okay to shift into the general plan thing and then we'll bring this back to finish the discussion, debate, vote, et cetera. Okay. We're now going to move then to item 4.1, envision San José 2040 selection of preferred land use scenario discussion and we'll let the redevelopment agency staff and the city staff swap places. And Joe Horwedel will kick this one off, I believe.

>> Joe Horwedel: Okay. Thank you, Mr. Mayor. We are distributing a revised spreadsheet for the villages that there may be questions later on that we'll walk through. But today, the discussion with the city council is related to where we are heading with the general plan update. That the task force has made significant progress in setting forward a suggested vision for the city related to jobs and housing. The shape of the city. Where we're going to grow. Where we're not going to grow. And so we wanted to walk through with the council today those basic concepts. The pretty pictures of the PowerPoint would have helped a little bit but as I said the staff report itself has got a number of the exhibits in here. I think one of the things that's really been positive in going through this process is that the staff and the task force have done a tremendous amount of work on that vision. But the other piece of it has been the community engagement that, as we have worked over the last two-plus years on this project, we've been out to the community on a number of different forums, through using a number of different tools to talk to the community about the future of the city. And it's been very refreshing to go through and have a substantial input from the community and they've been also picking that same direction of that San José needs to change, how we've grown, that we need to go through and really go into a new direction. And so it's nice to have that alignment. If you look at page 5 of the original staff report, in that there at the bottom of the page is a chart labeled scenarios and task force recommendations. And in that, those are the different concepts that we've looked at. It's important to kind of understand what is in that chart, and so while you're looking for that, I talked about the task force and the community saying they wanted San José to go into a different place. This is really where you see that, is in this chart, is that in the bottom left-hand corner the big black dot you see labeled San José 2010, that is where San José is today. That San José today has 8/10 of an employed worker. We are bedroom community. In facing the situation over the last nine years we have recognized that being a bedroom community has some real economic challenges. And so part of the task force work, the outreach to the community, the economic and fiscal analysis that the city has conducted has every one that's pointed to that we need to change where we go and how to get there. And so with this discussion today, with the council, the recommendation from the task force and the staff is that we are recommending what you see as staff task force recommendation, also known as scenario 6 which would put us on a path of having 1.3 jobs to employed resident. So that we recognize that we're never going to be where Palo Alto is, where Sunnyvale and Mountain View is, for their jobs per employed resident. So we need to do better, we need to aspire to better. And so what we're asking the council to consider today is a strategy and a plan that would get us there. That I mentioned the

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community engagement piece and where we tested these concepts with the community and we asked open-ended questions about what they wanted to see happen. We asked them to prioritize a number of different themes. The top five that came out from that are that they wanted to say San José take a concept of urban villages, or creating you know, theirs in their neighborhoods, that while they didn't want to have big commercial development and mid rise buildings in their backyard, they did want to have these in their neighborhood. That they wanted some place to go as the anchor of the community. They wanted fiscal stability in the community. They wanted transit to be a better part of how we dealt with the future of the city, how we grew to make those deliberate decisions. They really appreciated the environmental leadership that the city has been taking and that they wanted us to do a better job in economic development. And so those five major themes also is what we're bringing forward as a part of this plan. When you look at that chart for where we're trying to get to, you know, it is really important to recognize what -- where we would be if we didn't do anything different. That what you see in the chart, there's a box in the middle that says, San José 2020. And with that, we would end up with about 600,000 jobs in the city. But we would be right around one job to employed resident. Frame of reference, the association of Bay Area governments is looking at, well, how San José should grow and their projections. They're assuming that we would have 700,000 more jobs total into the city. So they're already assuming job growth more than what our general plan does. The same with residential growth, that they've assumed a tremendous amount more housing growth in San José. And so left to its own kind of the path that we're on today we would continue to be a bedroom community for the Bay Area. And so in looking at where scenario 6 takes us some people have questioned say we're being too aggressive in job growth that that's not going to happen. ABAG is projecting for the region to have 1.4 million jobs, 700,000 of those in San José. We think we can be a better competitor in going and attracting these jobs into San José. So that this plan is setting that framework about being able to accomplish that, about how to set about doing that in San José and the tools for that. To make all this happen is going to change how we think about land use in the city on our general plan basis and how we think about it as we deal with zoning decisions. That the strategy has been that the new growth that's coming to the city, and it is a lot of growth, that the A development that we talk about coming into San José over the next 30 years is the size of many cities across the country. So it is not that we are avoiding growth in this city but we're taking a really strong strategy that we need to say where we want it to happen, and how it's going to move us forward. And so that is around what we're calling our growth area strategies. Call it villages and corridors. We have the existing specific plans in San José. They're about where we have grown tremendously in the past, but we're also looking at other parts of the city. The old '50s shopping centers for the city that really are the heart of neighborhoods, how do we go through and revision those, repurpose those into something that becomes the center of the neighborhoods. Part of that is we need to make some deliberate decisions about that today we really have been reactionary. That somebody comes in and asks to do a 20 unit project in one place and do 50 units here and there. We don't really focus those into the places that will make San José different. We really react what the proposal is in front of us. And so one of the fundamental strategies of this plan is for us to be a lot more deliberate about where growth happens in the city and to be less about kind of facilitating things that are happening that don't move us forward. And it's one of the things that in the next year or two as we go through and deal with general plan changes, that's something that we're going to need to learn to do differently. Because the challenges, the pressures are very strong to go through and keep doing it the way we do it. So that's one of the things that as we go forward and do this plan we really need to make sure that we are ready for that. Because it will do no good for us to adopt a general plan that has lots of pretty pictures in it, that we have high expectations of goals but if we are really not ready to go through and deliver on that and our decisions of how we move forward. So that's one that the phrase I use is we need to break the plan before we build the plan. Is I really want to make sure that as we're going forward with this plan that we're truly comfortable with what it means to move forward. It is a really exciting concept that's here. I think it's really necessary for where San José wants to go to and where we need to go to, but it's really going to be a change with what we do today. The last message to leave with the council before we have the conversation is the plan is very much about protecting existing neighborhoods. We have seen what has happened over the years as we have gone and done infill development that has helped us build the amount of housing that's occurred in the city but it has not always been to the best support of those neighborhoods. In that San José is predominantly a single family neighborhood. With that plan that does not change. In fact I think it strengthens those neighborhoods so the residents in those neighborhoods can have confidence that we are not going to come in and bulldoze the house next door to them and put three pink stucco townhouses on it. That that is kind of fundamental kind of trade, that if we are going to go through and be committed to building these villages we also need to be committed to protecting the neighborhoods and putting

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the tools there so that the neighbors have the confidence that what is across their back fence will still be across the back fence. And so with that, the conclusions are where we're heading with those scenarios is our main objectives are putting San José on a firm fiscal foundation, that changing how we think about land use, it's recognizing that the choices we make affect our ability to deliver services, the revenues that we generate as a city. So we need to go through and really think about land use as part of our economic development strategy. And so this plan we think will do that. It gets us to having the jobs of 1.3 jobs to employed resident. It doesn't put caps on letting job growth happen in the city. We need to be very aggressive around that and some of the policies about how we encourage and incent that is going to be some of the things that we need to move forward on but it really puts us in a compact form for the development that's coming in the future. Thank you.

>> Mayor Reed: Thank you for the presentation. I want to disclose in preparation for this meeting I have met with a lot of people and talked to a lot of people, as has my staff including Tom Armstrong from HMH, Pat Dando and Pat Saucedo from the chamber of commerce, Eric Shanehauer of the Shanehauer Group, Linda LeZotte, a former councilmember, and many members of the task force from time to time. I just looked back, and we've been at this for 34 months, with 36 task force members, 37 task force meetings. I'm glad that each member got a meeting. Seven community workshops. And innumerable hours by our professional staff and consultants to get us here and I want to thank the staff for all their work, especially Planning, Building, and Code Enforcement team, transportation, OED, amount of get engaged in this all other city departments. I remember when we were starting to think about putting aside the money for the general plan update we really didn't want to do it because it takes a lot of effort, it takes a lot of money. But we sort of strung it out as long as we possibly could and realized that the old general plan was just getting outdated and wasn't being helpful. And so we had to bite the bullet and invest the time and resources in this. And that included some substantial commitments by councilmembers, Councilmember Liccardo who co-chairs it with former councilmember Lewis and David pandori vice chair and then Vice Mayor Chirco, Councilmember Oliverio, for sitting through all of those 37 task force meetings. Well, maybe not all, maybe they missed one. A lot of task force meetings. Because I know the time and commitment that it takes because I served on two general plan task forces over my career as -- in planning, and I co-chaired one of those. So it does take a huge amount of time. So councilmembers, thank you. I can't tell you that it's almost over. As it still looks like a lot of work to be done. But I'm encouraging in the memorandum that I co-authored with my councilmembers, encourages the task force to focus on the guiding principles, try to stick with the really big task that you already have, scope creep is always an issue and we've been at this for 34 months. We got to bring it in for a landing. And council set forth the guiding principles which give you a huge amount of work but it is important to focus down, get it done and get it back to the council for final resolution after the environmental work. I know there are a lot of community members who have been engaged, some really dedicated to this, and the outreach has been really good. Today is a really important milestone, getting this preferred alternative out there is really critical to getting to the end of the work and with that I just want to thank my council colleagues who put in the time because it does take a huge commitment of time. I want to recognize first the co-chair of the task force, Councilmember Liccardo.

>> Councilmember Liccardo: Thanks mayor. I want to join you also in thanking all the folks who invested so much time. My colleagues and I see a couple of task force members here, Brian Darrow came in relief pitching who has been very active on the task force and very thoughtful. Alofa Talivaa, thank you very much for all your service. I know this has been longer than any of us had expected or hoped, but we're hoping, as the mayor said, to bring it in for a landing very soon. I wanted to ask Joe just a quick question about something that showed up in the supplemental memorandum from staff on page 5. And that relates to the village planning process, the comprehensive village planning process. Pages 4 and 5. And there's a sentence there, just before the conclusion, that sentence right before the conclusion that says, the preparation of village plans is not necessary for the downtown North San José nor specific plan areas which have already been developed through neighborhood planning process. Joe in light of the fact that we look at some specific plan areas like midtown and Tamien and others where you've seen a substantial amount of change since the first development of the plan. Certainly significant amount had changed development from what had originally planned in midtown and Tamien lots of issues around whether or not amenities and you know -- amenities are being built as promised along with the housing. And I wonder, would it make sense for us to consider being able to bring selective city areas into the village planning process, where planning and the task force would feel it's appropriate to at least take another look?

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>> Joe Horwedel: Councilmember Liccardo, the staff has been looking at the question of what to do with specific plans and it has come up all the way through the process. Our goal is not to reopen all the specific plans just the amount of energy it would take to do that. I think one of the things that is -- may be a fair thing to look at is with the village plans we are going to be looking at implementation strategies of things of where the park goes and how it happens, and to the extent that if that's not in some of the specific plans I think that is something that we should not have specific plans that are essentially less sophisticated than what we're going to do with the village plan. But conversely, the village plan is intended to not be a specific plan. So they're intended to be very quick land use studies and strategies to get in and implement the general plan vision. So that is the hesitancy, why we've framed it that way. That we want to make sure we don't get in too far.

>> Councilmember Liccardo: Okay, so it would be consistent with the staff recommendation to say that implementation issues, including, you know, if there's phasing or anything like that, that those implementation measures that are incorporated in village plans may also be incorporated into specific plans?

>> Joe Horwedel: Right that we should go through and make sure that everything we're doing in the village plan has also been done also in the specific plan. Some of the specific plans don't have specific implementation strategies others have very good ones.

>> Councilmember Liccardo: Okay great, with that in mind then, and what I'd like to do first is to make a motion and then I'd like to explain why I'm so concerned about that particular issue. The motion would be to approve the mayor's memo that several of us co-signed, that's dated April 16th, along with the staff recommendation. Thank you.

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

>> Councilmember Liccardo: Thanks, you had me scared there for a moment.

>> Mayor Reed: Go back and another 34 months we'll let you know.

>> Councilmember Liccardo: Thank you. Because I sure would hate to have to redo this. And with implicit in that of course is this acknowledgment that there may be additional implementation strategies in the specific plan areas. I know there's real concern the midtown area with regard to infrastructure development and how that's being built along with the housing. In the Tamien area there's a real concern about park land that's been promised to a community that or at least orally promised to a community, not in some of the written documents and towers are getting built and the community's wondering when is our park going to be here. There are things that I hope we can work out through those future efforts.

>> Mayor Reed: All right, we have a motion on the floor. Councilmember Pyle.

>> Councilmember Pyle: Thank you, mayor. I had a couple of things. Number 1, the implementation date for this is June 2011 is that correct?

>> Joe Horwedel: That is the schedule, we're assuming the general plan would be adopted in June 2011.

>> Councilmember Pyle: So that means that anything in the pipeline by then will not have to go through a lot of changes?

>> Joe Horwedel: Well, it is that the council has basically said keep doing general plan amendments the way we've done in the past and so that is how we've been bringing them forward thus far. But the comment I made, you know, today is, at some point, if we're going to go and do this plan, we should start thinking about it now. Because it does -- I don't think it will serve us well to do a bunch of stuff that's counter to the plan that we adopt the following week type of thing. In house staff is talking with applicants now, talking about the envision

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2040 plan, just so that they're aware, just so as Thayer making decisions about option lands should they want to run faster or understand what the consequence is of not running faster.

>> Councilmember Pyle: The other thing is that there were about 35 members, and there were several that represented various cultures, various groups. And when you mention that you want to avoid including levels of detail, I can understand that. But what about the interweaving of for example arts and culture and economic development and all the rest, that comes as this all unfolds? Surely after spending all the time they did on this task force, there would be some way of including the thoughts or ideas of some of the members. Jeff.

>> Joe Horwedel: Yes, and that I think is one of the debates that we're having right now within the task force is what are all the subjects that should belong in the general plan, should it be purely a land use document or is it a strategy document that anything and everything goes into? And so the motion, the memo from the mayor, and several councilmembers, was to narrow that down. That's a discussion that we're still having at the task force level about how much of that should --

>> Councilmember Pyle: I understand that part. I'm just thinking, as we go along, after this has been accepted, is that something that could be inculcated into projects? Any ideas that -- or not having participated in this I'm kind of in the dark in reference to what the contributions of those members were, or -- or how they -- how it was all -- was it intermingled? Were there suggestions from people from the arts community and/or, guiding principles, there we go.

>> Mayor Reed: Let me respond because I raised this guiding principles, Councilmember Pyle. I got concerned about scope-creep when I heard first there was consideration of putting the entire economic development strategy into the general plan. And then I heard that we put the entire cultural vision into the general plan. First, that would be really bad for a general plan document. And second it would make it impossible to make changes to our economic development strategy without a general plan hearing. Also, a bad idea. And so, as people got more and more excited about the general plan, more and more ideas came up, of things to put in there. And that's why I'm saying, calm down, focus on the guiding principles and you know, get the work done, get it done, because 34 months is behind us and I don't want to have 34 months ahead of us. That's where that comes from. There are great exciting ideas that people are talking about. They don't necessarily belong in a general plan document.

>> Councilmember Pyle: I hear you. And my mind reader colleague here, Vice Mayor Chirco, has presented me with a document from 2007, in which we agreed on guiding principles. Thank you, it's all there.

>> Mayor Reed: That's the benefit of being on a general plan task force, you learn to read minds.

>> Councilmember Pyle: Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. I want to thank you and the council for the opportunity to serve. I have gone to every meeting and have found it plenty to do. We started off very wide, and probably too wide, and so now we're trying to bring it in. We tried to do the big tent but a lot of times when it comes down to a general plan it's just about what are you going to put on this block and what's the density going to be? So I think that's what we're sort of getting to here. I think it was in 1976 mayor Janet Gray Hayes had a conference at Asilomar, where they went to decide, and they came out of this conference and they decided, ah, the number 1 problem facing San José was our lack of jobs to housing and funny how 30-plus years we're still in that same situation. There are different groups in the general plan. There are lot of members but I think on one of the votes if I remember correctly it was a 14 to 11 vote, where 14 voted for the current proposal that's in front of us and there were 11 of us who voted for a smaller population growth. I was one of those. I think we've certainly carried the burden for housing and he I think we need to let jobs catch up with that. I became supportive, we kind of fell together and said, listen, we're voting for one general plan let's move forward. But I was under the belief that we had the ability to do what people call triggers or stage gates. I've since been updated by attorneys that that isn't always upon. We have to find our way to do that. I'm obviously supportive of where we're going and Joe thank

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you for the comments on protecting existing neighborhoods. But at the same time, you know, if we can't get firm something or other, and that's a very vague statement, so pardon me, something that is really going to control the amount of future housing versus job growth I'm going to have a hard time supporting it. Because I think it's very simple and very easy for us to do the housing. It just will happen. Granted we're in a residential recession right now, but we know the historical growth of San José, and we know that's a lot easier than you know the opportunities of people starting companies to employ people. Those are far and few between so we'll move forward on this one. And then, just to hope over the next year that we come up with something that's really focused on our economic health. Because without a fiscal budget, I can't flow, you know, the opening doors of libraries, I can't provide those other services that we've always talked about here and I think it really accommodation from good land planning. So again I want to say thank you, it's a pleasure serving being with Councilmember Liccardo and Vice Mayor Chirco on the committee and O&M sure we have another 15 to 20 meetings to go. Thank you.

>> Mayor Reed: Glad you're having fun because there's more. Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor and thanks to all the task force members including my colleagues that served for the last three years, when it's an important issue. I know I've had had good conversations with Joe particularly regarding the villages, I appreciate and like that concept, and I think it is something that will really get a lot of traction in the community as well as we kind of roll out our plans going into the future. I have a question again regarding the narrowing of the scope. And particularly given, Joe, you'd indicated that there's been some debate within the task force regarding what the scope should be. And is there still further discussion -- is there still substance -- I know there's still a few task force meetings left. Is there still discussion on what the scope should be coming up?

>> Joe Horwedel: Yeah, is that we have that coming up on a future agenda -- Andrew is checking the date -- May 24th is we're going to talk about what is the framework of the general plan policies and text and how broad or narrow do we want to be.

>> Councilmember Kalra: And this is my concern, is that before the task force has an opportunity to discuss what the scope should be, we're telling them what the scope should be. In that I know that general plans come in all shapes and sizes and yes in some instances you may want a very narrow one and so on but this is a 2040 general plan and there may not -- certainly may not be consensus and may not be disagreement on what direction we should go in terms of scope. But I find it, and please invite any of the task force members to comment, but I find it kind of unusual that we're making -- giving a directive while the task force is still discussing this and apparently very vigorously discussing what the scope should be.

>> Councilmember Liccardo: Mayor, could I respond?

>> Mayor Reed: Yes, certainly, Councilmember Liccardo.

>> Councilmember Liccardo: The point's well made. And I think it's appropriate for council to tell the task force in general terms what the scope ought to be because that's what we've been doing all along. We said Coyote was off the table, we said specific plan areas were already decided on you can certainly add capacity in varying levels but otherwise don't be in there redoing the specific plan. We have been all the while along proceeding under the assumption that there will be limits underwhich we will be moving and that is with regard to land use issues. Now we're really talking about issues that are very tangential to the land use. And when you only have a hammer the whole world looks like a nail. We're task force members not 36 elders that are going to be pronouncing judgment on you every matter of city significance. Our job is to focus on land use as a too many and to really address those issues for which land use is a relevant tool. In the discussions, we've had conversations in great length about desalination versus recycled water, we've had conversations about preferences for locally grown food and natural turf versus artificial turf in parks. And we can go on and on. And I know there's also an issue being raised around equity issues around jobs and so forth. And certainly we have within our principles articulated social equity is one of the guiding principles. Clearly the task force already has that assignment and working within our guiding principles I think we can certainly address that issue. What I think many of us are concerned about is that after 34

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months we can really get dragged out into lots of issues that have nothing to do with land use because people will see this document as being the ten commandments handed down from Mount Sinai, only the ten commandments were two tablets. And this thing would end up being 2,000 pages. So we're trying to create a long term planning document, not a set of city policies that can and should be changed on any given Tuesday. When we're talking about cultural arts programs or economic development plans or any other plans, those are plans that should be vetted in front of council, we should be weighing on -- all the groups should be arguing the pros and cons. But this task force is not set up for that not situated like that. We are not delving into great depth on all these issues, what we're really delving in great depth on is land use and some related direct impacts like transportation to those kinds of decisions.

>> Councilmember Kalra: But I think that the level of discomfort I have is that look at the end of the day, it's going to be our decision, you know, we're the ones that as a whole council will certainly vet, but the final product will be those of you that are serving on the task force, which certainly have I think the greatest amount of credibility in discussing the issue with us because you've been there and you've been at all the meetings. So I certainly acknowledge that. However, given the fact that there hasn't been an agreement on what the scope should be, it seems like you're asking the council to make a decision on what the scope should be, before the whole plans are presented to us.

>> Councilmember Liccardo: I think we are setting out a principle around the scope. We did that the first time we set the task force out on its mission. We decided without checking in with the task force about things like specific plans and Coyote and all kinds of issues that are more directly related to land use. So this has absolutely always assumed to be the purview of the council that we set the limits of the scope and we can change it on any given Tuesday.

>> Councilmember Kalra: I understand that but the distinction between setting out those guiding principles at the outset of this great mission, that we've asked our task force members to embark upon it's another as we come down to the end to narrow what seems to be a discussion that's still ongoing. You know what I mean?

>> Councilmember Liccardo: Yeah and I appreciate that concern. I think the problem is that it assumes we're coming near the end. And I think the real concern is that we may never find the end if we decide that this document is going to be all things for everyone, in terms of every issue that comes up. We really have to focus or this job will not get done.

>> Councilmember Kalra: And you if this is something Joe can comment on. There are general plans, including some large cities that do incorporate more than simply just land use, that do incorporate regarding economic development, health care, quality of neighborhoods, however want to put it but they do incorporate different elements into the general plan, understanding that the underlying -- it's underlying a land use document but as you just said a few minutes ago, that there's a debate or the discussion is still ongoing as to whether it's a strategy document or purely a land use document. And my thought would be that we would want something that's beyond simply just land use document but I don't know that because I'm simply being asked right now to make that decision even though I haven't been presented the entire document yet.

>> Joe Horwedel: There are seven elements that we need to address in our general plan per state law. But there are a number of cities that then add to that. And everything from urban design, sustainability, it's kind of wide variety of topics that cities will do specific elements on. I think it is the important -- and actually it's been really refreshing to have groups see the jeopardy as a basis to which they would hang their issues from, and kind of connect back to the larger strategy of the city. And I think to the extent that it stays at a strategy level, you know, or there's some basic goals, that's not a challenge. The real challenge is that what we're seeing from -- on a number of issues is actually down into implementation strategies, and very specific targets and goals. And the challenge is that state law, the general plan is the constitution of the city. Our capital improvement budget is required to be consistent with it. Our subdivisions are required to be consistent with it. As a charter city our zoning doesn't have to be but by policy we do make all zonings consistent with it. It has legal stature, as opposed to an economic development strategy or a parks master plan, those types of things, they are not a legal foundation of the city and therefore if you don't exactly follow it on any given day you can't get sued on those things. But the

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general plan the concern is that the more you bolt into it it makes the city legally vulnerable because it creates opportunities for groups that are not wanting to see something happen, it allows the general plan to become the weapon to fight against stuff. Just like CEQA is used today to fight against projects. So that's a real concern about, it should be setting clearly what our vision is for the city but it also recognizes that this is not a zoning ordinance so it needs to have flexibility in it and it should not as Councilmember Liccardo says try to be everything to everybody.

>> Councilmember Kalra: I think again, if I understand what you're saying, it sounds as though there are different strategies that different cities take as to how they put together the general plan, that I would assume, or legal, you know, or otherwise they wouldn't have documented them. Again the crux of my concern is that we're narrowing the discussion about what the scope is, even though there doesn't seem to be an agreement within the task force. Because maybe the councilmembers on the task force might feel that it needs to be narrowed but doesn't necessarily legally need to be narrowed. The ultimate adoption we can narrow it any way we see fit. So I understand have issue of getting, going off on tangents, certainly as a time and efficiency issue I certainly see that. But aren't there other ways that we can ensure that people understand the purpose of the general plan without narrowing the scope, prior to their discussion of what the scope should be?

>> Mayor Reed: We started out by narrowing the scope. We adopted guiding principles --

>> Joe Horwedel: The guiding principles narrowed the scope.

>> Mayor Reed: We're trying to get them to work within the scope that the council already approved.

>> Councilmember Kalra: Why is this the exact language of the scope that we approved?

>> Mayor Reed: No, the guiding principles were approved in 2007.

>> Councilmember Kalra: And so this is -- that's -- it already states, I have no problem with that statement, and what's laid out here in your memo, mayor. That the task force work with guiding principles or land use scenarios we're being asked to make a recommendation today however it's the last sentence of CI, avoiding including things that are not directly related to land use regulation or planning, and who -- what does that mean? I mean that's the question, that's ultimately the question that every city has to decide is what is related to land use regulation or planning. And from what I'm hearing Joe is that different cities interpret that differently, in terms of how -- how much more they want into the general plan, to be included as they consider to look out into the future vision of their city.

>> Joe Horwedel: That's correct. Smaller cities look at the general plan differently than bigger cities because the issues are different. You know antigrowth cities put very different strategies and elements in their plan than cities that are trying to accommodate growth. It depends on what the philosophical foundation of this city is really then what helps guide where you're going to go and what do you with the general plan.

>> Councilmember Kalra: I thought that was part or maybe even completely off but that was part of what the task force was there e-there for.

>> Joe Horwedel: Partially. But the task force did not have a blank slate to work from. We were very clear that the task force was starting with the foundation of the current general plan what we were about as a community, then we set to look at how we are moving forward and change the shape of the city but not the underlying character and values of the city.

>> Councilmember Kalra: Okay, that's enough for now, I think. Thanks.

>> Mayor Reed: Councilmember Chirco, Vice Mayor.

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>> Councilmember Chirco: Joe, in 2007, council not only approved convening the general -- or the land -- it's been a long day and it's only quarter to 5:00. The general plan task force. They also approved some guiding principles. And as we look at the guiding principles, how are those connected to the general plan, as it's unfolding? Just because I happen to have it and because I asked my staff to get the guiding principles and I know I had spoke to Bob Brownstein, and these were some of the areas he was concerned about, most specifically he talked about economic development, sustainability and social equity. And there's I think eight -- there's eight guiding principles that the council approved in 2007 which are economic development, growth management, downtown revitalization, urban conservation preservation, green line urban growth boundary, house I sustainability and social equity. I know these are all important to the task force. I've heard those conversations. But could you just talk a little bit how the task force is being guided in those areas which are the guidelines as adopted by council?

>> Joe Horwedel: In the majority of those are actually our current strategies in our general plan today. So when you talk about it's really working forward of our foundation of our values today, that is, the mission that council sent the task force on. I think as a part of how we have worked through issues about what we're trying to do with the shape of the city, did we want to go and open up the hillsides to accommodate growth, did we want to go through and open up into Coyote valley and the South Almaden reserves, very much those major strategies about the sustainability of the city, fiscally, environmentally, the -- how we go through and protect our existing neighborhoods were part of those conversations. That when you look at the policies that are getting created around transportation, that the task force is looking at of dewidening streets or putting streets on diets, how to go through and encourage more in the way of nonsingle occupy cars, go back to the values that we carry in our current strategies of the general plan that we set out as the guiding principles. So I think every task force meetings what we're bringing forward as staff is based upon those guiding principles, what the policy recommendations, the discussions that go on at the tables. And that really is the foundation because it is the values I think of the community and the task force members are members of the community. So I think it's just what we live and breathe.

>> Councilmember Chirco: And I know Brian Darrow as one of the task force members, has brought in information, a lot of it is jobs, having a diversity of housing so that we can provide housing to a diverse community, that we have have affordable housing, that we have transportation that is acceptable to -- acceptable and accessible to our entire community. And I know councilman Kalra, when we were working on this memo one of my concerns was the scope. And it wasn't until I revisited the guiding principles that I got comfortable with that particular direction. Because within the scope, I perceived this as being an integral part of the discussion. I didn't really see, where this says work within the guiding principles as approved by the city council in 2007, this is the guiding principles. And so I see it as being part of the discussion that will lead to the conclusion of the general plan. So that was my understanding, is that the it just reinforces and Councilmember Oliverio has been there also and we've had many discussions. And I've seen much frustration by the task force on some of these segues, and they're all good topics but if we hope to accomplish something, we need to kind of define the path we're on and the very issues you have brought up Ash are the ones that I see in this memo. So hopefully, this will answer some of the concerns that you're expressing.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. Definitely the guiding principle referring to some of the important concerns of environmental as well as social justice concerns are important. I think that my concern is that by narrowing -- I just want to make sure those issues are fully vetted even through a land use perspective because they certainly can be lost through a land use perspective, you know, and I've seen it either through the Planning Commission process or otherwise, that it's very challenging, when something is already -- once you have a general plan and once it's already in writing and text to then take into account kind of the 30 thousandth foot level what kind of impact our land use decisions are having in the long term. And so, by not having that fully vetted by the task force it doesn't preclude us again from narrowing any decisions by the task force, and we have you know four representatives or three of you on the task force. And so again, given the fact that the scope discussion hasn't occurred yet, we have the guiding principles that have been going forward and are being reiterated here through the recommendation. I think that is the third point in that narrows the scope to land use, was that

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something that was understood at the time this journey began? Or -- because -- and the reason I bring that up is because Joe you indicated that's not necessarily how all general plans specifically -- they don't always just specifically focus on that. So if that was understood in the beginning that's one thing. If we're now being asked just to narrow it to land use that's quite different. Still appreciative of the fact that we have those guiding principles and I'm glad we do but we're being asked to narrow our scope today beyond -- unless there's some other information -- beyond what we've been asked before before the whole thing is presented to us. It just seems kind of backwards in that sense.

>> Councilmember Chirco: If I may.

>> Mayor Reed: Vice Mayor.

>> Councilmember Chirco: What I came to view this as, is refocusing on the direction of the council, which was you know, our general plan, using these guiding principles, which are, you could say that they are -- I perceive them as being integral to every -- these are as we look at housing, how do these fit? As we look at public spaces how do these guiding principles guide that thought process? Placement of schools, conservation, quality of air, quality of open space, quality of water. So I see every level of discussion within the task force as being measured by this criteria. And I agree with you, I think revisiting those at this council meeting is totally appropriate and helps to refocus the conversation. But that -- it was when I saw -- went back and revisited this that I got comfortable with this. Because looking at, you know, our general plan task force, it's looking at it through the lens of the guiding principles.

>> Councilmember Kalra: The question is you're revisiting the guiding principles now. But is that something being done by the general plan task force for the past three years?

>> Councilmember Chirco: I think it is. It's part of the conversation, how are we -- what is the quality of life? How are we getting social equity? You know, how do we provide quality jobs to people that want to improve their cells? How are we going to provide quality housing for a diverse social economic community? Downtown revitalization, you know, and even talks to how does the city evolve from a single family home to having transit oriented development, housing for seniors, for families. I know we spoke to a friend who comes from New York and he talked about having a cycle of housing. And I think that's something that has become part of the conversation at the task force. Is, we have our single family homes. What we don't have are a high density transit oriented, where people are really dependent on the car. And so much of our community can't afford a car. So how are we going to meet the transportation needs, provide the schools, have public spaces where our community can gather? So I think this -- this is -- I think this is a lens that I have -- I believe that the task force is committed to. And with the diversity of community that is on the task force, I think the voices are there.

>> Councilmember Kalra: It certainly sounds that there's been a lot of vigorous discussion, from what I'm hearing on a lot of these different issues has gone forward. My concern is by saying we're refocusing, we certainly are refocusing on the guiding principles but it doesn't seem like there was ever a statement in the beginning that the scope just simply be land use. And so we're not refocusing in that case. In that case we're giving direction at that's new direction. I don't know if that's correct Joe. If it's something that's inaccurate please tell me.

>> Joe Horwedel: Yes, when I go through and read C-1 I'm reading it a little bit differently. In that we're not saying we should not deal with issues that are not directly land use but that we need to be very careful for those issues that are not directly land use, to not kind of fall down the rabbit hole in the detail on it. So we shouldn't have -- you know we should go through and we have the guiding principles about social equity. And that we go through and say we want complete neighborhoods. Well, a complete neighborhood means you should have a full spectrum of housing, choice, price points, types available, that you should have a full range of jobs that are available to the residents that are there, you should provide services that are fully available. But do I go through and put a policy in the general plan that says that you know there are specific targets related to some piece of that? So I'll pick a safe topic of water. Should we have a desalinization goal for the city in the general plan? I would say no, we should have a goal that says we should provide adequate water for the city but we shouldn't use the general plan for making decisions about how you'd provide that water. And so as you look at major strategies

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like social equity, I think that it belongs throughout the general plan in our major strategies and policies. But when you get down to the nuts and bolts implement detail we should really focus on things that land use control.

>> Councilmember Kalra: Okay. And I understand that that's -- that's certainly your thoughts on it, and obviously I respect your thoughts on it more than most because of your level of expertise. But it sounds like there's not necessarily been agreement on that. And again, that's where I fall back to, is that it seems like we're creating a level of specificity now that didn't -- wasn't necessarily outlined in the begin. I appreciate and very happy that the guiding principles are there and hopeful all the task force members continue to follow those guiding principles. But I -- it seems like we're -- if it's an effort to in any way limit discussion, tangential discussions on what those guiding principles are, it's an effort to limit the discussion but not necessarily create -- I have concerns limiting the discussions on some of those guiding principles even if they're not -- even if they may be considered not directly related to land use in the discussion because the task force is what they're there for is vet everything and discuss it. I under at the end of the day, we do have to have a formal document and we do need to make sure that the document is something we're comfortable with and most specifically relate to land use. Again my discomfort is that we're -- we may be -- by getting new -- giving direction that hasn't been given before, if it has been given before please tell me if it has because that's very different then it is a matter of refocus. It doesn't seem like we're refocusing as much as we're giving new direction to narrow. Because the debate doesn't seem to be narrowing enough. And if that's the case that may be appropriate as well but I'd like to know what the purpose of that third line is more specifically and so mayor --

>> Mayor Reed: I can be very specific. I mentioned two examples earlier that caused me concern. One was the idea of putting the economic development strategy in the general plan. Bad idea. Clear statement in my pardon, philosophically experienced, bad idea, that's pretty clear. The second thing is to put the entire cultural vision strategy that's being developed, we don't yet have it, in the general plan. It's just a bad idea. You don't want that level of detail. And that's what I'm trying to get the task force members to back off. It's a general plan. Not a specific plan. Not, you know, you just don't need that level of detail in any area, let alone in areas that aren't even part of the, you know, the guiding principle. So back within the guiding principles and keep it at a level of detail that's appropriate for general plan. That's what -- all I'm trying to say and those are the two examples I have.

>> Councilmember Kalra: I don't necessarily disagree with those examples. I don't know if Councilmember Liccardo would want to elaborate or any other task force member, on areas that you feel that -- again, following the guiding principles do you feel they're being adequately vetted, all the issues being adequately vetted, given the guiding principles, is it appropriate to narrow it to land use before the task force has an opportunity to chime in on I guess in May they're going to be discussing the scoping.

>> Councilmember Liccardo: Could I offer another example perhaps? We spent probably a couple hours various times discussing whether to use -- you know, whether we should be primarily relying on a desalination strategy or recycled water strategy for water. Now, we all agree water is a critical issue in land use planning in terms of capacity. We need to make sure the water's there. But nobody on this task force other than maybe Dick Santos who sits open the water board has the expertise and knowledge and we're certainly not going to get that fees in a two or three hour meeting to understand how to make that decision. And so that's what I mean by, we really need to get out of the weeds on these issues. Because those are the kinds of debates that are going to drag this thing out forever. And we have one set of tools and that is around land use. We don't have the budget, we don't have bonding capacity. You know we don't have you know the ability to deploy city staff in different parts of the city differently. What I'd hate to see is we pass something that has all different issues wrapped up in it. And we come here and decide on a budget in June, and somebody pulls out a copy of the general plan and say sorry council you can't do that. And if you do it this way in your budget decision we're going to sue you because you're violating your own general plan.

>> Councilmember Kalra: And then I think that where I'm coming from is why don't we allow the task force to -- if this was a task force recommendation to narrow it based upon a consensus of the task force that's one thing. And I know we have full authority to give the scope and we apparently gave some directions from the guiding principles. At the end of the day, we have every ability to do what you just said, to make sure we don't have items in there that are extraneous or that we feel are unduly burdensome when it comes before us in 2011. A month

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before we're going to discuss scope we're going in there and telling them this is the never before mentioned scope that you now have to base the general plan on.

>> Councilmember Liccardo: I might just say we also have the ability to broaden this scope if we don't like the plan. And so I think rather than -- it seems to me that, you know, I understand you'd like to see consensus from the task force on this issue. But the reality is, we don't have anything near consensus on the land use scenario selection, as Councilmember Oliverio pointed out. That was a very contested issue at a bare majority. I by the way was on the minority on that vote, but I'm happy to support the majority and go forward on this, recognizing we need to move forward. And so what we're trying to do is, within the respect -- within the confines of a process that was set out here and I think these guiding principles are not unduly narrow. I think anybody that looked at these would say we've got sustainability social equity urban conservation, a lot of pretty broad concepts in here. Let's tie these to the one tool we know we have which is land use and let's not get in the weeds.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, mayor. Every time the general plan 2040 task force gets together we are sat in different areas. So out of the seven meetings, pardon me, 37 meetings I've attended and the seven community workshops you always have the ability to sit with different members of the task force. And I had mentioned there was debate, certainly debate on the actual numbers of population and housing. But when it comes to the other topics, there is unanimity. The idea is that they want to move forward and they realize this is a land use plan. Now it won't be unanimous, but I guarantee you any committee of 35 representatives will never be unanimous. But there is a strong desire to move forward and get to the point where you're actually putting a certain number of housing units on a block. And that's where everyone wants to get to in this general plan 2040 task force. There's still a lot of work to be done, we're well over a year before we get there. But from someone who has attended every single general plan 2040 task force.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I just want to say thank you to the task force. Thank you to the councilmembers. Councilmember Liccardo, Oliverio, Vice Mayor, the mayor, Joe, all the community members and some of whom are here for all the work on this. I mean, it's just an amazing amount of work. And it's constantly the discussions that happen in this task force, it -- it doesn't just stay there. The discussion comes back into the community and it informs many community discussions. So it's just really great work. I think I was there at the very first community meeting at the rotunda and sat in on the very initial discussions. Unfortunately I haven't been -- I haven't had the time, I'm on other committees, several other, to participate in all of it but I just from my heart I really want to tell you how appreciative I am of all the work that you've done. I'm listening very intently to what Councilmember Kalra is talking about and I'm not going to address that right now because I had some other things I wanted to address but I may weigh in on that a little bit but I just wanted to talk a little bit about the scenario that we're looking at, which I do support. I really think it's very important that we make a real strong effort here to start reversing the jobs-housing imbalance that exists. This may not be enough but it's a start. And we really need to in earnest do that and not just have a plan, but actually, find ways to really implement it and make it work. And I really appreciate Joe Horwedel. His work, his effort, his vision that every time he looks at this he's not just looking at the results that are going to happen in a decision right now but the next 30 years. And it's -- I think we're very lucky to have him. And so as he talked about this is going to be you know a vision of protecting our neighborhoods and making choices for the long term. And a lot of these are going to be difficult choices. I'm very supportive of the idea of preserving the employment lands. I think that's very important. Even in the area why we don't have the exact idea or the exact company that is ready to take their place on those lands. We have to make that happen. We can have this vision, but we are going to have to create actual movement and a plan to really turn those employment lands into jobs. I wanted to talk about the villages a little bit. There are many villages contemplated in this plan, 19, 20, Joe, I don't remember how many.

>> Joe Horwedel: We'll we're well over 50.

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>> Councilmember Herrera: Well over 50, let's say I'm behind. But I'm very familiar with one of the villages that exist in my district, and that's Evergreen village square. Because we think about villages, a lot of us think about it in terms of a concept. And I've had the fortunate experience of being able to see a village come to life in San José, creating you know -- and the potential, it's unrealized potential at this point. It's somewhat there but has a long way to go. But you can see the idea of sustainability, walkability, pedestrian traffic, bike friendly, retail, a place for folks to gather. You can see that promise in that village. And I guess my question is, you know, how do we help this village go from a vision to reality? What kinds of -- you know how can we create incentives, and I just want us to think about this. This may not be the day to do this but I just want us to be thinking about, you know, how can we focus development incentives and other things so that these villages can actually materialize, so we can see jobs being produced there, retail, you know, an enlivened, economic sustainable community. So the plan is great but as we move along I want to make sure that we're going to move towards having some real incentives and some real programs, to make sure that these villages become a reality. And I wanted to hear if you had any comments on that Joe.

>> Joe Horwedel: That's actually village number 55 on the map. And that it is I think we got the bone structure there but we were probably too timid on the housing side of it. And that's one of the things that I think as we go through and do villages around the city we're going to need to really think about what is the right blend and the pieces that go into it. And this is one where putting in some more residence over the rooftops would help. But also what are the strategies where we encourage the businesses to go out there. Because we're not going to put a Cisco or Adobe into all of these villages. It's really going to be, how do we encourage small businesses or the residents that live in the area to go through and be able to set up their business in these areas. So are there things about how the city regulates that, or are there things about how some of our structure works, as relates to some of the taxes or those types of things, to I think be more targeted about how do we make the things that we really want to see happen, happen, and not just kind of incent general. So I think as we look at our overall strategy, it is aligning around those specific goals but it's recognize we can't do everything to everybody. We have to be very targeted but we do have a village that's half out of the ground already here.

>> Councilmember Herrera: What we'll do is focus on the villages that are already there and as Joe said we have the bone structure to help complete those and I think a part of that is education in the community too. You know San José has grown and I'm from San José so I've seen it grow from the single family dwelling to now doing a lot more densification. I think we need to move our residents along with us and understanding where Weaver really trying to go. The task force has been great, as they come up with those ideas, it comes out of the community and I think that does start to develop that understanding. But we really have to help people understand where we're trying to go. And then make those decisions, some of which are not going to be necessarily always popular. But we should really follow and try to implement this plan. Thank you.

>> Councilmember Chirco: Councilmember Chu.

>> Councilmember Chu: Thank you, Vice Mayor. First of all, I just wanted to state that after chairing the north San José vision 2030 task force for the past 18 months, I really, really wanted to thank the members on this envision 2040 plan. So my heart felt appreciation to all of you. I attended a couple of the meetings, and I can really understand the need to refocus, to reiterate our -- the goal from time to time during the discussion. So I will be supporting the motion.

>> Councilmember Chirco: Councilmember Nguyen.

>> Councilmember Nguyen: Thank you, Vice Mayor. I have a question about the transportation and transit ridership. In this little package that we just received here on the dais, there's no page number but I believe it's on page 7 it talks about the different planning priorities. And I believe transit ridership is third on this priority list. So the question is, to what extent has the task force contemplated the importance of transportation, and how that -- how we incorporate that into the general plan, given the fact that transit agencies are in peril, such as CalTrain and, sorry, Councilmember Liccardo, as well as VTA. So I just warranted to know, to what extent has that conversation been discussed at the task force meetings?

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>> Hans Larsen: Councilmember Nguyen, Hans Larsen with the Department of Transportation. I think in the past three years, we've had I think at least three sessions that are focused just on the topic of transportation. And while the actions before you today are mostly on land use, we do have some more work to do on the topic of transportation. But I might add that one of the key principles or themes with the general plan is to focus our future development around our transit corridors. And we're looking for a very dramatic increase in the amount of people that use transit in the future because that's where our land use is going to be concentrated. And one of the things to make our transit systems more sustainable from a fiscal perspective is to put more riders on the system. That's certainly one of the things that we've talked about with the task force and certainly a strong direction in which this is headed.

>> Councilmember Nguyen: Great, thank you.

>> Joe Horwedel: One of the things I'd like to add to that, one of the things that the task force has looked at, what Hans has said, that the light rail system is really about moving residents around from housing to jobs night San José. That what BART brings to San José and what the as I train does today, that CalTrain does today is it brings workers from outside the area into jobs for San José. And so that's part of the things we're looking at, is recognizing that not all transit stations are the same. And so what we do at a given transit stop and the village that's there should be reflective of how that transit system operates. And so putting more jobs where the BART stations are versus putting housing where the light rail stations are.

>> Councilmember Nguyen: Thank you, Joe. And then the other question is, we've talked about this numerous times at various council meetings, but the concept of building business and retail around the periphery or the borders of our city. I've talked about that extensively at previous meetings, but I also want to promote that concept and see if we can incorporate to the maximum level that we can, because obviously it provides a lot of positive impact, first and foremost is helping to generate revenue for City of San José, if we build these retail and commercial plazas around these borders, the borders different smaller cities, I think that's a way for us to generate revenue. And so I was just wondering if that concept has been discussed at the task force meetings as well?

>> Joe Horwedel: That has been, and it's the economics, the fiscal analysis, shows the strength of retail. But that's what makes, actually balances the books for the future of the city. And so we have had the conversations about the different types of retails and even the unpopular, with big box retail or large format retail, recognizing that we need -- that that is not going to go away, that form of retailing, and so we need to be very deliberate about protecting those key sites especially on our borders, that we do not have a lot of large retail sites near freeways as other communities do, we are already starting from a compromised position, part of looking at the north San José plan of opportunities what happens on de Anza boulevard, Stevens Creek boulevard, to not lose those opportunities.

>> Councilmember Nguyen: Thank you.

>> Mayor Reed: Let's take public testimony at this time. People that would like to speak. David Marsland, Brian Darrow, Alofa Talivaa, and then basically everybody else is still here.

>> Thank you, I'm David Marsland from the Sierra Club and also a resident of South Carolina. And I also want to commend the task force for all the work they've done on this, been to lots of their meetings and I'm really impressed with all the good work. And the Sierra Club very much supports some of the key parts of the general plan. Especially transit oriented development and infill development. One of the things that we think is really important is that we prioritize infill development, and one of the things that we have a lot of concern about is, in all of the scenarios we were given, you're still planning to put lots of jobs in places that are not transit oriented and that are green fields, including Coyote valley, I know it's north Coyote valley, and I do know there are entitlements, and our advice is, let the entitlements expire. So we would really like to see North Coyote valley, East Edenvale, and the new Edenvale and the East Evergreen new Edenvale and Coyote valley protected. We also really need to consider transit much more seriously. It's wonderful, that we have sustainable general plan as a big part of the Green Vision. In order to truly make this a sustainable general plan we need to invest much more in transit. We

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need to find a way to fund transit. If you look at the Green Vision, transit is largely lacking from it. And so it's incredibly important that we have more transit, and a way to fund it. I can't believe CalTrain is one of the best solutions around here, and it's going bankrupt. And another way to get around is through bicycling. We can very inexpensively invest in a serious bicycle infrastructure connected to transit, strongly urge that. Thank you.

>> Mayor Reed: Sorry your time is up. Brian Darrow, Alofa Talivaa, and Ben Field.

>> Good morning, mayor, and city council. I'm Brian Darrow. I'm a member of the San José general plan task force and first, I just wanted to thank staff and all the other task force members for their great work on this effort, especially planning staff who's had to deal with a lot of staffing cuts and they've been able to create a process that's been very inclusive and thoughtful. I want to thank them for that. I'm really here though to encourage the council not to narrow the scope of the general plan before the task force has completed its work. The task force as you know has been working for two and a half years on this project. We've been trying to come up with a thoughtful comprehensive vision for what the future of the city should be. Since the beginning of our work back in 2007, staff made it clear to us that the general plan is really more than just a land use document, that it's supposed to be a strategic vision for our city for 2040. And so we've operated as a task force or at least I have and I know a number of other task force members have we've operated under that assumption that we're dealing with broader than a land use document. So we've already done 36 task force meetings and there are only four more meetings that are scheduled before the draft plan is supposed to be released and I think all of us can agree on the task force is one thing, one thing that we have more consensus on than any other thing, that we want this process to be completed. Actually, I'm not familiar with who made the recommendation to include either the whole cultural plan or the economic development plan. I don't remember that happening. I remember proposing seven or eight specific policies related to job quality. And so in the interest of having the plan cover things that other cities in the State of California are already covering, so that the last thing I just wanted to mention is that I've spoken with several other task force members whoa couldn't be here today because this memo came on Friday. I've spoken to Shiloh Ballard from the leadership group, Michelle Beasley from Greenbelt Alliance, Enrique Fernandez, who submitted a letter, actually, and Neil Struthers, all of whom have expressed concerns about the council narrowing the scope of our work at this late stage. So I would just encourage the council at the end of the day, you are going to be the ones weighing in on the general plan so I would encourage you to let the task force do this final few meetings of our process, we all want to get it done, we want to be focused on the guiding principles. But this language that's included in here --

>> Mayor Reed: Sorry your time is up.

>> Related to avoiding detail I think should be taken out it can be misinterpreted, thank you.

>> Mayor Reed: Alofa Talivaa, Ben Field, Brian Schmidt.

>> Good evening, mayor, city manager and council members. My name is Alofa Talivaa, and I'm a member of the 2040 envision task force, and I also like to thank Joe and your staff for the hardworking that you guys are doing every meeting that we have. I'm here to ask the city council not to narrow the scope of the general plan. Staff has told us that the general plan is the City's constitution, and we also heard from Joe about a while ago. So we should include a broad inclusive vision for the City of San José in our general plan. Many cities around the state are now doing a (inaudible) if the scope is narrowed as recommended in the mayor's memo there are some important policies that would not be included in the general plan. And I feel like with this many months, you know, participating in the Jeb task force meeting, that may be some important policies that would be left out. For example on the community empowerment, policy QM-2.1 which has already been approved by the task force which reads proactively engage neighborhood groups in the decision making process, as a regular component of city government activities. Even though this may not be a direct land use regulation, it should be included as part of our vision for San José in 2040. Emphasizing neighborhood engagement and community involvement has been an important part of the way the city does business. I think, including language in our vision for engagement in the general plan, is appropriate. Thank you.

>> Mayor Reed: Ben Field, Brian Schmidt and then Kerri Hamilton.

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>> Mr. Mayor, members of the city council, Ben Field with the South Bay labor council. First I want to commend the members of the task force for their excellent and arduous work over the course of almost three years now. I do want to raise some concerns about the memo's direction because it does, or it can be interpreted to narrow the scope of the statistics's work. I think that that's bad for a couple reasons. It's bad on process grounds and it's bad on substantive policy grounds. On process grounds it's bad public policy to take away a decision that is about to reach its fruition after so many months of debate by the task force. There's been a lot of hard work that's gone into some of these policy proposals that are not directly related to land use. And second, on substantive grounds, many of the policies that are being debated by the task force are substantively good policies that the city council ought to consider as part of the amendment to the general plan. Other cities, numerous cities in California, have adopted policies beyond those that are directly related to land use. And the state's official general plan guidelines allows that sort of more general practice. So I urge the council not to narrow the scope, and to clarify that the task force can, indeed, consider policies that are not directly related to land use. Thank you.

>> Mayor Reed: Brian Schmidt and then Kerri Hamilton.

>> Good afternoon, Brian Schmidt, for committee for green foothills. The committee and other environmental groups like the greenbelt alliance support a minor but important variation on the current land use proposal that jobs development should happen any time anywhere within city limits aside from Almaden. What we would like to ask the city council to recommend is a proposal to back load development of open spaces and green fields until other areas are developed. The San José green fields would be East Evergreen, and parts of north Coyote valley and the idea is that the areas would not develop until after jobs capacity has been fully developed elsewhere in the city where green fields are not at risk. This proposal would not affect existing permits I of like the Coyote valley research park, the already developed West haft Evergreen or the development area that is undergoing separate planning. The advantage of this plan would that it would encourage development where it is needed. Evergreen Village and East Evergreen, Edenvale, downtown and North First Street. It's possible that the suggestion might mean that green field areas are not developed prior to 2040 but as long as the same development happens elsewhere that needs development that the result is a good feature and not a bug about incorporating this into the general plan. Other areas of the city that have the capacity for the same kinds -- have the capacity for same kind of development elsewhere and if by some strange chance an important proposal could only happen in the green fields such a proposal could be tied to a general plan amendment. So again, we request that you ask staff to include the suggestion in some form in the revision as it moves forward and I'd be happy to answer any questions.

>> Mayor Reed: Kerri Hamilton is the last speaker.

>> I filled out a card for the open forum.

>> Mayor Reed: Open forum comes after this.

>> Oh.

>> Thank you, Mayor Reed and councilmembers. I support what's bet put forth in concept and I just want to clarify what I'm saying and get a better feel for exactly what it is that you're trying to restrict. The organization that I work with, and myself, support for instance that the health related language that was put forth by the organizations that I work with in the general plan. And related language. I think -- I've attended most of the general plan task force meetings from the beginning. And it's really hard for community and task force members to deal with the high level concept without thinking about implementation. So we do go into conversations that are much more detailed. But we need to realize that sometimes we can have an unintended consequences if we go -- if we dig down too deeply and leave ourselves open to lawsuits that will do the exact opposite of what we want to do, even with social equity issues of getting things built. So I support the general concept of what appears to be happening, as long as we're not going to pull out all of the things that the task force has agreed to so far. And then in terms of economic development strategy, I do agree that the entire economic development strategy shouldn't be in a

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general plan. A general plan is a high level document but we also want to have our goals and our community values incorporated into it as well. So thank you very much.

>> Mayor Reed: That concludes the public testimony on this item. We do have some additional council comments and discussion. We have a motion on the floor made by Councilmember Liccardo. Councilmember Chu.

>> Councilmember Chu: Thank you. I just wanted to clarify with Joe. I heard about refocusing on guiding principles. Or maybe Sam can answer it or mayor. Did the spirit of your C-1, sit refocusing on guiding principle or actually trying to narrow the scope?

>> Mayor Reed: My objective is to keep the task force within the guiding principles which we gave them in the beginning. And to not get into such a level of detail that's inappropriate for our general plan document. I don't know what level of detail that is, this is general guidance. But I do know that the examples that I gave today are you know the inappropriate level of detail.

>> Councilmember Chu: Right.

>> Mayor Reed: And everybody wants to get into the details and that's all about implementation and policies and ordinances and things and that's just not the level of detail I'd like to see in the general plan. And so I'm trying to get the task force to focus on the strategies, the high-level things which is the purpose of the general plan. And there's years of implementation stuff ahead of us with ordinances and policies and things.

>> Councilmember Chu: Right, I understand that, thank you.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. First, on the suggestion from Brian -- regarding the green fields, and so on. Is that something that's appropriate now or is that more appropriate to look at going forward in terms of requiring certain amount of job growth before certain areas are developed for any purpose? Seemed like a pretty detailed request. I was curious -- I'm hearing it and concerned about those same issues but is it more appropriate -- is that a detailed enough request that's more appropriate going forward to look at?

>> I think as we have more discussions in the task force about phasing and linkages around different issues, and what does it really mean, I think that's where that should start. And then, ultimately the council would weigh in if it comes through task force, should that belong in as a way of implementing one of the guiding principles out of the general plan. Because I think it's one of those things that could go back to the guiding principles. But we haven't talked about it at all.

>> Councilmember Kalra: Okay, because it sounds like an interesting concept. And but it also sounds like it's something that's detailed enough that it's probably not appropriate at this point when we're discussing the more general land use scenario and so on. And so -- but it's definitely something I'd like to talk more with you and hear more from the task force as it goes forward, what their thoughts are on phasing --

>> Councilmember Liccardo: If you're looking to amend the motion to have this issue considered I'm happy to do that.

>> Councilmember Kalra: That would be great if we can have the issue considered as stated by the representative from the committee for green foothills, one more issue taken often by the task force in some detail. And was that --

>> Councilmember Liccardo: I think the seconder probably needs to approve that.

>> Councilmember Oliverio: Yes, is that okay with you? Okay.

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>> Mayor Reed: So the amendment on the green fields.

>> Councilmember Kalra: I appreciate that, hopefully that is something that would be brought up by the task force when it think it appropriately should be brought up. Again, some of the task force members alluded to it and they expressed the exact concern I had is that there has been 90% of the meetings have occurred, work has been done, discussions had, agreement, clearly agreement on 3 dozen people to be unanimous in any case or even consensus, but clearly they are having a discussion on a variety of issues, and I don't think anyone is contemplating that our economic development plan or cultural and arts plans should be just wholly placed inside a general plan amendment. However, I do think that there's some legitimate debate going on as to the scope and the direction of the general plan. As stated there are some jurisdictions that do go beyond simple land use and I believe a couple that promote quality jobs and shared prosperity including San Francisco and San Diego. So certainly not small hamlets but obviously cities that are of comparable size more larger than ours, that does incorporate that into the general plan. A few meetings less than a handful of meetings left on the formal schedule, including the concept of scope, I think it's inappropriate at this time to narrow the scope on who -- on again the third portion of CI, of avoiding clean level of details that are not directly related to land use regulation or planning. That's not something that's appropriate for the task force to discuss. If it comes back before us and we do narrow at this point, as Councilmember Liccardo says we can broaden all we want. But I think the appropriate venue for this to be discussed is at the task force level, not before us, even though we have every right to do it, and I'm sure we're going to have some vigorous debate when it comes before us regardless what direction we give. And so appreciating the amendment that was accepted, Councilmember Liccardo, would you consider striking the third portion of that direction? Given the fact that everything else is acceptable at least to me, everything else is acceptability that's in the mayor's memo?

>> Councilmember Liccardo: Councilmember Kalra I appreciate your intent and your concern. I'd prefer not to. I'd prefer to go forward with the motion as it exists now.

>> Councilmember Kalra: Well then I'd at least ask I don't know if anyone else even agrees with what I'm saying now, but I'd ask if anyone would consider seconding a substitute motion that again only strikes the third portion which starts with and avoid including, through the end of that line for CI.

>> Mayor Reed: I think that would be a motion to amend the underlying motion, just by taking the one clause out.

>> Councilmember Kalra: Yeah, I mean, essentially since it's not accepted as a friendly amendment it would be a substitute motion exactly like the motion that's on the floor with the exception of making that one line out.

>> Mayor Reed: That makes it an amendment to the motion. As opposed to a substitute motion.

>> Councilmember Liccardo: We have a vote on the amendment.

>> Mayor Reed: First you vote on the amendment then if it's amended you have to vote on the whole motion. First question is to amend it by taking out the clause and that is a motion here.

>> City Attorney Doyle: It's not consistent with the motion except for one part, the council can vote to accept the amendment and if they do then you vote on the motion as amended.

>> Councilmember Kalra: Okay, so simply a vote to strike that. Okay.

>> Mayor Reed: Councilmember Herrera.

>> Councilmember Kalra: Just to strike out that one portion of that one line.

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>> Councilmember Herrera: Yeah, I want to go back to the request to have the task force look at the green fields and employment land and I want to address the Evergreen industrial piece that is included in that direction. I believe that land's probably already entitled. I don't know -- I don't know that that's 100% the case. But I know that that land was contemplated as part of the Evergreen Specific Plan for employment. It's -- this council made that determination again in -- prior to my coming here that it was going to be employment land, and at one point I think 1600 units or more, maybe 2,000 units of housing were contemplated there. The community was not happy about that. And so the idea of having jobs there, is in line with the village concept and in line with the original intent of that specific plan and I would oppose any attempt to try to prevent or delay or hinder a solid proposal to bring companies to that industrial land. The folks living in that area are supportive of having jobs there. It's -- I readily acknowledge that we need some more infrastructure. But to not proceed, and I think Evergreen village square is the first step in this. It's not going to happen overnight, finding the right kind of opportunity to go in those industrial lands. But that's the future and there's a huge opportunity there. So I just want to be on record once again saying that I strongly support that continued -- that we maintain those employment lands, that we look to creative ways including platinum LEED buildings that might go there, educational opportunities, things that will work with that environment to maintain the environmental integrity, and promote what we need to do in Evergreen in district 8.

>> Mayor Reed: All right, we're discussing the motion to amend here. So on the motion to amend, Councilmember Oliverio.

>> Councilmember Oliverio: Thank you mayor. I cannot support the motion to amend. There are currently in these chambers five members of the 35 here, on the GP 2040 tasks. I do appreciate the comments but there are 30 other members not here. And as someone who attended every community workshop and every meeting, again I'll tell you this. Everyone wants to get down to brass tacks and figure out exactly what housing goes where and what density and what height what commercial opportunities we have in the city for the things that Councilmember Nguyen talked about maximizing retail on our borders for Councilmember Herrera is talking about making sure we have land preserved for jobs out in Evergreen so I cannot support the amendment. I am supporting obviously the underlying motion.

>> Mayor Reed: Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor. I'd like to speak, I just want to make clear there would be a vote on the amendment. I would like to speak to the amendments that Councilmember Herrera made. Right now this is strictly on that one portion and not Todd to the friendly amendment that was added which I think you were speaking to so --

>> Mayor Reed: The motion to amend which is on the table is to take out one clause.

>> Councilmember Kalra: Yes.

>> Mayor Reed: Of the underlying motion. And then if we --

>> Councilmember Kalra: Regardless what happens --

>> Mayor Reed: We can vote on this and then on the underlying motion. You can come back to the green fields issue.

>> Councilmember Kalra: The comment that we're voting on now, again I think there's never going to be consensus on the task force, let the task force do their job which is inclusive of everything that Councilmember Oliverio indicated as well as determining what is the appropriate scope which does not necessarily have to be certain land use as Joe indicated, it was nothing that was laid out in the beginning guiding principles were but not this would strictly be a land use discussion and so for that reason I would ask for support in striking just that one line before we discuss the underlying motion.

>> Mayor Reed: Councilmember Herrera.

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>> Councilmember Herrera: Okay, I have a question on the striking. So Joe when I'm looking at I and we're talking about striking avoid including levels of detail, is that the one?

>> Joe Horwedel: That's my understanding.

>> Councilmember Herrera: Related to land use regulation or planning. I know we're talking about transportation, how does that come into play?

>> Joe Horwedel: Transportation is one of the required elements that the state law requires you to address and we do have very detailed policies in our general plan and those should remain.

>> Councilmember Herrera: That language doesn't inhibit, even though it's land use regulation or planning? That covers it?

>> Joe Horwedel: Like the example I used of water supply. We need to deal with water supply, we don't need to have a policy or how much of it comes from desalinization. Those would be things that I would say should not be in the general plan.

>> Councilmember Herrera: Just the wording itself does that -- I know we're discussing these things, but I guess I'm asking you for semantic interpretation here of those words. Could that be construed as limiting language for some of the things that many of us want discussed in land use, such as transportation and other items? If you took the most literal interpretation of that, I'm concerned that it might be limiting.

>> Joe Horwedel: Potentially, you know, if literally land use regulation or planning, you know, but I -- as my earlier examples, I think how -- what the guiding principles were to do the plan, that we need -- you know that is what we're building a plan around. All of the discussions are around that. The policies are around that. The way I read this is if there are things that even though you may put a goal in the general plan related to a topic, economic development, you wouldn't go through and put, necessarily, all the details about how to achieve that goal in the general plan itself. But you would still acknowledge that it's an important part of the City's strategy. It's -- because the general plan is that strategic plan. We should acknowledge that there are a number of these strategies and polls policies that exist. We don't need to replicate that into the general plan, that's how I read this.

>> Councilmember Herrera: We definitely don't want the economic strategy or other types. things we have heard were examples that may not be appropriate for the general plan. I've also heard the concern about potential legal issues you know with putting something in there that we shouldn't have in there. Is there -- I'm just wondering if for anybody who's in this discussion, if there's something -- is there something we could at, rather than subtract? I'm just kind of analyzing these words. Is there anything that we could either add to help make this cover the things that folks are concerned about or is there only subtraction that we need to do? That's how I'm weighing this substitute motion. I'm wondering if there's anything additive that we could put in that sentence that would cover the things that apparently are not covered or perception that's not covered?

>> Joe Horwedel: Not off the top of my head but I will think about that while the conversation's going on.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: I just wanted to say Councilmember Herrera that part of EIR contemplates transportation, right? How we move people around and those types of things. Other esoteric things can't be part of an EIR. But I would say this, transportation is concrete to a general plan but then again I'll defer to Joe but for my understanding all this last three years that's been a very focal point. Extending light rail to Evergreen for example would be a key component to our general plan.

>> Mayor Reed: Let me just use the transportation example. We have a general plan, we have a land use diagram, we have strategies, we have policies, we have an ordinance, we have transportation plans, but we don't

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put the cross section of a street in the general plan. You just don't get to that level of detail. So all of the things that people are interested in are appropriate at some level it's how far down in the weeds do you get. I'm trying to say to the task force don't get down in the weeds because you're never going to get done, that's all we're doing. I think we've done with the discussion. On the -- this is a motion to amend by striking a clause made by Councilmember Kalra. On that motion all in favor? Opposed? Constant, Oliverio, Chu, Reed, Chirco, Pyle and Liccardo opposed so that fails on a 4-6 vote, did I count that right? With one person absent, Councilmember Campos is absent. Then back to the motion made by Councilmember Liccardo. With the friendly amendment on the green fields request by Councilmember Kalra. That's the motion on the floor. Councilmember Kalra, you wanted to speak to that?

>> Councilmember Kalra: I think speaking to Councilmember Herrera because I had written something that could be considered, I don't know again, I'll ask for a friendly amendment and if not then we'll just go ahead and vote on the underlying motion. But if -- and I would state it this way. If the task force can consider arts and culture, economic development, including the creation of quality jobs, quality neighborhoods, health care and promotion of clean technology as appropriate areas to discuss under the -- with the parameters stated in your memo.

>> Councilmember Liccardo: Well, I think we're talking about all those things anyway. So I'm not sure how that's going to guide, I don't think so there's anything you mentioned that isn't being talked about in some way as a general goal. I think some of those topics need to be left is in general goals.

>> Councilmember Kalra: Well, would you consider since they're already talking about it, that that be added. That would make me more comfortable that the task force could consider all those areas.

>> Councilmember Liccardo: Okay, you ran it through very quickly.

>> Councilmember Kalra: Sorry, consider arts and culture, quality jobs, quality neighborhoods, health care and promotion of clean technology.

>> Councilmember Liccardo: Okay. Health care, all right I'm going to run through this here. Arts and culture, the second one I missed.

>> Councilmember Kalra: Economic development. Including the incarceration of quality jobs.

>> Councilmember Liccardo: Including quality jobs. Quality neighborhoods, health care, and the last one?

>> Councilmember Kalra: Promotion of clean technology.

>> Councilmember Liccardo: Okay. FTC.

>> Councilmember Kalra: And so essentially would --

>> Councilmember Liccardo: So the intention of this amendment is to focus solely on the goals with regard to those topics, not as to details as far as implementation?

>> Councilmember Kalra: Not as to -- not the details as to implementation but those should be -- those should be goals that should be allowed to be discussed by the task force.

>> Councilmember Liccardo: Right. Joe, do you have any view on this?

>> Joe Horwedel: I would agree with you that I think we're already doing that so I think it fits with where we're going.

>> Councilmember Liccardo: Okay, let's just go forward then.

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>> Mayor Reed: That was a clarification by friendly amendment, acceptable to -- or not?

>> Councilmember Liccardo: I think my sense is I'd rather not start going down that path because that's a long list we're going to end up -- I think we're already covering it. I think we all agree those are probably going to be in the goals but that's not part of motion.

>> Councilmember Oliverio: Councilmember Liccardo I really would prefer not to support that. I think we've put together with the mayor and the three of us that are on the general plan 2040 task force a memo that is to where it is. I think adding any little item just confuses it. I invite any of my fellow councilmembers to attend any of these meetings. I would really prefer not to support that I would encourage you not to accept that friendly amendment.

>> Councilmember Liccardo: That's what I said. I asked Joe, Joe confirmed we're already doing that so we're leaving it alone.

>> Councilmember Oliverio: Thank you.

>> Mayor Reed: So there is no friendly amendment. We have the underlying motion made by Councilmember Liccardo. Councilmember Kalra did you want to speak to the green fields issue?

>> Councilmember Kalra: Yes, the concern that had is that I think that the way that that friendly amendment was added was certainly just to have it explored by the task force and the concerns you raise I imagine would be very well discussed. That plans already in the pipeline, zoning, or entitlements are already in the pipeline I'm sure will be discussed because I think one thing we've all agreed on is making sure that we improve on our jobs housing imbalance something we all feel is a priority. So I wouldn't want you to feel that at least in the motion in the friendly amendment it was simply as far as I know Councilmember Liccardo added that to the queue of things that will be discussed but not necessarily, with a definitive answer as to which direction we should go. That was a response to the comments you made earlier Councilmember Herrera. And otherwise, again, but I think it's appropriate to narrow the scope of the task force whether at this stage of the game, what is the not earlier delineated when this task force began when they're only four meeting away from completing their task. Thank you.

>> Mayor Reed: One comment on the green fields. I agree with Councilmember Herrera on that. If one of our clean tech companies shows up tomorrow wants to go to into east Evergreen, I'm going to be dancing a jig. And that's just the way it is. We've been trying to get jobs out there for a very long time. I'm not going to give up on that goal. And so let's just not assume that because we're looking at green fields that somehow we're going to go in a vastly different direction that we've been going in some of those areas. I'm certainly not intending to do that by supporting the motion. On the motion, all in favor? Opposed? One opposed, Kalra, two opposed, Nguyen so that passes on an 8-2 vote. And we wish the task force the best of luck getting done and staff thank you very much. We'll now go back to the item that we were discussing before this, which was the redevelopment agency item 8.2. We adjourned to allow staff to go collect some information, so they could answer some questions posed by councilmembers during the debate. We have a motion on the floor pending. So approve the staff's recommendation on the sales of the properties made by Councilmember Liccardo. And I thought we'd get done by 5:00 so we give staff a little extra time perhaps they needed, but it's okay, I'll turn it back over to Harry.

>> Harry Mavrogenes: Thank you. Mr. Mayor, members of the board, question was asked, on how many times did I take other sales transactions to closed session, there's only one that I have record of, the Brandenburg transaction where we were buying the land in 2002-3, because there were some environmental issues and insurance issues, so we had to take that into closed session for those reasons. How many councilmembers were apprised of this matter on a one on one, best of my recollection, I have spoken, answered questions of eight councilmembers: Constant, Chu, Pyle, Vice Mayor Chirco, Councilmember Liccardo, Mayor Reed, Councilmember Oliverio, and I believe Councilmember Kalra had asked some questions. What parking funds cost are lost by selling the blocks? These are interim parking uses of course \$500,000 was the answer given as the net annual revenue lost. But again we always assumed that was temporary. When was the sale first made public? We did publish an add in the Mercury News on March 30th, again we published on April 6th and April

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13th. All documents have been available to the public since March 30th, and on April 2nd the agenda was all linked online for public viewing. Was -- the 1031 exchange issue was in the board memo. I want to just point that out. And then, the council, did the council approve an RFP originally for this project, yes, the council did, on March 23rd, 2004, approved issuance of an RFP on this project. And I just want to apologize to the board if we didn't get all of your questions answered in advance. This is certainly a good lesson for us to be more diligent in the future. We don't often sell major pieces of property. But believe me I think we all get it that you all have more questions and we will attempt to do that in the future, thank you.

>> Mayor Reed: Okay. We have a motion on the floor for continued discussion. Councilmember Kalra.

>> Councilmember Kalra: Thank you, mayor and Harry, thank you for diligently and quickly with your staff getting as many questions answered as possible. You know, I think that frankly I think Councilmember Campos received undue criticism from some of our colleagues for just asking questions and for being concerned, whether she got the answer she felt comfortable with or not. Regardless she asked the question today last week or two weeks ago, we got information, a letter that was from the prior individual, or group that we had the DDA with, a letter that came to us Friday. We have information that came to us very -- you know, some new information today. And this is a \$20 million deal. And so I don't think it's unreasonable for Councilmember Campos or anyone to have questions that they feel that they want answered. And even just the fact that you get a question answered doesn't mean you're at that moment comfortable making a decision on a \$20 million deal. So I just want to put that out there because I think that -- I think that we all have the right to not just ask questions and get answers but to be able to have the opportunity to absorb those answers and feel comfortable with the decisions that we're making. And I certainly, you know, as has been stated by almost everybody up here, certainly there are no aspersions towards the Sobrato company. You know, I don't think that there's anything here that indicates any effort but their diligence and forthrightness and desire to move as quickly as possible because they do have a time issue. It's unfortunate that there was an error in the noticing, I think that cost a couple weeks, and it really puts us in a very difficult position where we have to make a decision on the one public hearing we're going to have, and we have to be told on the -- you know, at the conclusion of the one public hearing we're going to have, that we have to come up -- we have to make a decision. So it's not an easy decision if someone does have questions. So I will be supporting this motion, because I do think that like I said in the very beginning, that I'm supportive of trying to -- of what the redevelopment agency is trying to do at our direction trying to get revenue so that they can support projects that we have collectively said we support. However, that being said it's still not an easy decision because there are -- there is a lot of informational we've been required and asked to absorb in a very short period of time. So it's not Sobrato's fault that they're in the last few days where they have to close, and in an ideal world that shouldn't be something we should have to consider. We should take our time making the appropriate decision. But in the real world I understand that if push comes to shove we have to make the decision, I'm willing to make the decision today and I appreciate staff for doing what they can to answer as much as possible in as brief time as possible but Harry, I appreciate you acknowledging that maybe things could be done differently, in the future. Especially when we're talking about something as important to the redevelopment agency as this transaction and as large of a sum that I think should certainly require as much attention as possible. Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I'd just like to point out, I'll never criticize anyone for asking questions. I just take issue with those who accuse others of hiding information that is widely and readily available.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. I'll be supporting the motion and just quick suggestion to Harry, that seize every opportunity to bring the transaction issue into closed session, thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: Thank you and Harry I'd do a recommendation to do as much public, thank you.

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>> Mayor Reed: Councilmember Herrera.

>> Councilmember Herrera: Thank you, mayor. I just wanted to say I'm glad to be able to support this motion and move this transaction forward. And thank the Sobrato company for being patient with us and I am glad that staff was able to go back and get the answers to the questions and just glad we're all going to be moving forward, thank you.

>> Mayor Reed: I think that concludes the council discussion on this item. Councilmember Kalra.

>> Councilmember Kalra: I have a quick question of Rick. In regards to the -- as indicated in the memo I think there's a suggestion that proceeds can go towards purchase of land and so on. But that's still something we can discuss in the future as far as how the funds are allocated, in other words, this right here, this decision we're making today is simply to go forward with the exchange but not -- it doesn't in any way I think tie our hands in terms of how the money can be used ultimately it's a board decision?

>> City Attorney Doyle: Ultimately the board makes the decision. However I make this statement this is part of an adopted budget decision, as Harry indicates contemplates sale of real property which those moneys are unrestricted other than for redevelopment purposes. And I think, you know, you've pretty much already given direction through the policy document which is the budget. Albeit you can change that on any Tuesday.

>> Councilmember Kalra: But so at this point, it's simply consistent with what the budget we already adopted but there's no further restrictions on it until we give -- until we give other direction?

>> City Attorney Doyle: That's correct. If Harry -- if the executive director desires to go out and buy a piece of property he has to come back for board approval for that piece of property.

>> Councilmember Kalra: Okay, thank you.

>> Mayor Reed: And we will be taking up the redevelopment agency budget again in the near future. Okay, on the motion? All in favor? Opposed? None opposed the motion is approved on a 10-0 vote with Councilmember Campos absent. Last item on our agenda is open forum. I have at least one request to speak under open forum. Mr. trout.

>> I see we've got some new faces here. I used to come down here about a year ago. Councilmember Kalra nice to see you. My name is Mark Trout and Councilmember Herrera, I've waited now for five hours to speak for 120 seconds. I'm a business owner, steam master carpet cleaning. I've got ten children, I've been married for 30 years to the same woman. I'm a busy man. I turned away business to talk to you in 120 seconds. I trust in this 120 seconds that he talk to you you'll listen to me, and do something. It was 25 days ago, that I learned of the assassination of senator Nancy Schaeffer in Georgia. This is ramifications in my opinion greater than 9/11. There is almost a total media blackout on this very important Christian woman, a member of the eagle forum, Phyllis Schlaffley's eagle forum a Baptist for reasons I don't have time to go into. Alex Jones on infowars.com, interviewed her before her death. So did Dr. Stanley Monteith on KKMC, he's local, he's also on radioliberty.com. I believe she was assassinated by the child protective services, because she found out they were full of child pedophiles. Okay, they should be called the child pedophile services. They're making porno movies over these kids that they take out of homes, poor homes, selling them as sex slaves in other countries. Now, Barbara Simpson on KSFO 560 was talking about this on Easter. She heard her give a speech in the Netherlands last year that said the child protective services, in conjunction with elements within our government, was into child trafficking. Okay? Now, my Bible says he that rules must be just, ruling in the fear of God, okay? She was murdered by elements within our own government, okay? Are there any questions?

>> Mayor Reed: Your time is up, I'm sorry. Next speaker is Andrea Segovia.

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>> Dear community members, vote no this election. It's time to clean house. When the city built its new foundation, it did not take into account that it had afforded itself more office space than was necessary. In retrospect, there is nothing wrong with empty office space. Putting the pieces together, tethering the line requires to know how -- the know-how of each individual who is assigned each duty and job position. Next time, you decide to loosen the purse strings and cause each employee stock portfolio to plummet think about your own individual actions and what you have really cost the city and all of its employees by allowing special interests and pet projection to dig a hole and then to pretend to fill the gap with money that you have set aside for your own special interest. It's time the taxpayers knew what really happened to their money. Support our police, fire, and ambulance services. Go raiders.

>> Mayor Reed: Reuben Solario I think is no longer here, that's all the cards I have for open forum, that's the end of our meeting, we're adjourned.