

MAY 2004 PROPOSED OPERATING AND CAPITAL BUDGET STUDY SESSIONS

May 10, 12, 13, 14, 17, 20, and 21, 2004

Documents Filed: (1) Proposed Operating Budget Binder for 2004-2005 from the Office of the City Manager, (2) Staff presentation of the 2004-2005 Operating Budget Overview, dated May 10, 2004. (3) Letter from Victor Everett, dated May 11, 2004, opposing the closure of the Olinder Safe Haven Community Center. (4) Staff presentation of the Economic and Neighborhood Development CSA, (5) Staff presentation of the San José Redevelopment Agency Overview, (6) Staff presentation of the Operating Budget Overview, dated May 10, 2004, (7) Staff presentation of the Aviation CSA 2004-2005 Council Budget Session, (8) Staff presentation of the Environmental and Utility Services CSA, (9) Staff presentation of the Transportation Services CSA, (10) Staff presentation of the Recreation and Cultural Services CSA, (11) Staff presentation of the Aviation CSA, (12) Powerpoint presentation of the Aviation CSA 2004-2005 Council Budget Session, (13) Staff Presentation for the Public Safety CSA dated May 14, 2004. (14) Email from the public, dated May 14, 2004, regarding the C2 Program. (15) Staff Presentation of the 2004-2005 Strategic Support CSA Proposed Operating Budget, dated May 17, 2004. (4) Staff presentation of the Proposed 2004-05 Capital Budget and 2005-09 Capital Improvement Plan, dated May 20, 2004. (16) Staff presentation of the San José Redevelopment Agency Capital Budget Overview, dated May 20, 2004. (17) Staff presentation of Aviation Services 2004-2005 Capital Program Overview, dated May 19, 2004. (18) Staff presentation of the Economic and Neighborhood Development Capital Programs, dated May 20, 2004. (19) Staff presentation of Environmental and Utility Services Capital Programs, dated May 20, 2004. (20) Staff presentation of Public Safety Capital Program, dated May 20, 2004. (21) Staff presentation of the Recreation and Cultural Services Capital Program, dated May 20, 2004. (22) The Transportation Services CSA Capital Programs Presentation, dated May 21, 2004.

May 10, 2004

Absent – Council Members: None.

Mayor Gonzales called the meeting to order at 1:06 p.m. in Council Chambers, City Hall, to review the 2004-2005 Operating Budget.

PROPOSED 2004-2005 OPERATING BUDGET – MAY 10, 2004

City Manager Del D. Borgsdorf delivered a brief presentation on the 2004-2005 Operating Budget and introduced Budget Director, Larry D. Lisenbee who presented an overview of the City's 2004-2005 Proposed Operating Budget.

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Council Member Yeager asked staff to clarify the number of City employees who are proposed to be laid off. Budget Director, Larry D. Lisenbee stated the total number of employees who could not be placed within their same classification or moved elsewhere in the City is 67. Remaining staff would be placed in other positions within the City, he added.

Vice Mayor Dando asked if seniority was a factor for re-deployment. Director of Employee Relations, Alex Gurza reported that seniority is the first criteria that is met. Vice Mayor Dando asked when Council will receive more information regarding early retirement issues. City Manager Del D. Borgsdorf commented that the analysis has been performed and has not been able to find a cost effective early retirement solution but more information will follow during the budget process.

Council Member LeZotte asked for more information about proposed 911 emergency response fee. Budget Director, Larry D. Lisenbee reported that the City of San Francisco has had this fee for some time and explained it would take up to three to four months to fully implement the fee. He commented the fee would be no different from utility costs and collection procedures would be similar.

Redevelopment Agency 2004-2005 Operating Budget

Deputy Executive Director of Redevelopment Agency, Harry Mavrogenes conducted a brief presentation of the San José Redevelopment Agency 2004-2005 Operating Budget Overview.

Council Member Campos asked staff if projects contained within the top ten commitments would be affected by the budget changes at the state level. Director Mavrogenes stated projects currently in the pipeline would not be affected.

Economic and Neighborhood Development CSA

Director of Economic Development, Paul Krutko, Director of Planning, Building & Code Enforcement Stephen Haase, and Director of Housing Leslye Corsiglia presented an overview of the Economic & Neighborhood Development CSA.

Council questions followed.

Mayor Gonzales asked staff when the building fee methodology shift would be applied to commercial and industrial areas. Director Haase stated that staff is currently working on preparing for the shift and would provide the analysis for Council within the next year. Mayor Gonzales asked if the fees charged will be enough to fund the entire cost of the General Plan update. Director Haase stated the goal is to take advantage of the change in state laws put into place in 2003 that allows jurisdictions to establish a fee to recover the

May 10, 2004 (Cont'd.)

General Plan maintenance and the fee would be charged on various buildings and development permits. The plan is to be put into place this year if Council approves the fee. Mayor Gonzales requested staff set up a special fund for the money received for those fees since the money cannot go into the general fund.

Vice Mayor Dando expressed concern regarding the revolving loan fund and the target being set at zero. She asked staff if this meant the City would not be following through with funds for small businesses. Director Krutko replied that it meant the City would not be increasing the funding level for additional staff to take on the additional work it would require. He also and commented that the City is currently working on a partnership with the Redevelopment Agency and staff is currently paid out of the loan program. Vice Mayor Dando stated she would hate to lose those small businesses in San José and requested staff to continue holding them as priority when reviewing loan requests.

Council Member Cortese asked for clarification about how the General Plan update would be laid out. Director Haase explained the approach for developing the comprehensive update. Council Member Cortese asked how performance measure reviews on housing projects was to be compiled. Director Corsiglia clarified that the measures were based upon the results of a survey and added that she would supply that information to Council.

Mayor Gonzales adjourned the Study Session at 4:56 p.m. to reconvene on Wednesday, May 12, 2004 at 8:00 a.m

May 12, 2004

All Council Members Present.

Mayor Gonzales called the 2004-2005 Proposed Operating Budget Study Session to order at 8:04 a.m.

Economic and Neighborhood Development CSA (Continued from Monday, May 10, 2004)

Council questions and comments continued.

Council Member Reed commented that the CSA report lacked any history outlining a five-year trend of specific performance measures pertaining to Outcome #1. He argued that the report doesn't state how the City will measure success at the CSA level, nor does it state the baseline of the current economic base or performance measure balances. He requested staff track the jobs/housing balance and include it as an additional CSA performance measure.

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Council Member Campos requested staff to continue with ongoing partnerships with San José State University but to also include other colleges, such as the National Hispanic University. She also commented on staff targeting housing populations who fall under the 50% income median level and suggested staff continue with their outreach to inform Strong Neighborhood Initiatives (SNI) neighborhoods of available low-income housing that may be outside of their current communities.

Council Member Chavez commented on the need for staff to create an overriding goal for the economic development strategy for the City and to maintain their ongoing focus on Housing issues, as well as high-rise housing and the possibilities of developing them for the community.

Council Member Gregory asked what kind of response times communities may expect for non-emergency situations after suggested cuts are made in code enforcement. Deputy Director Hannon stated neighborhoods will be seeing a change in response time but information will also be sent out to inform them of what to do in non-emergency situations. Council Member Gregory noted many of the complaints he has received have been about illegal dumpings in industrial areas and abandoned cars. Deputy Director Hannon stated both issues have been challenges and they are each treated on case-by-case basis. The abandoned vehicle abatement program has proven to be very successful in neighborhoods, he added.

In response to an inquiry from Council Member Chirco, Director Krutko reported that staff continues to focus on small businesses in San José and keep them in mind when considering future businesses in strip malls and shopping districts. Director Krutko stated his staff will continue to work with small businesses.

Redevelopment Operating Budget (Continued from May 10, 2004)

Mayor Gonzales requested more information about agency clients referred to in the performance and resource overview.

Recreation and Cultural Services CSA

Public Comments: Meredith King, Ted Smith, Luisa Chavarin, Alberto Herrera Casas, Araceli Alvarez, Octavio Lopez, Gerri Garcia, Victor G. Everett, Ruben Soto spoke in opposition to the closure of Community and Homework Centers. Linda Dittes spoke about SNI business plan issues.

Library Director, Jane Light presented an overview of the Recreation and Cultural Services City Service Area and the 2004-2005 “Youth Safety” Strategy.

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Mayor Gonzales asked staff how the City allocates resources for maintenance and if it is based upon the square footage of parkland. Director of General Services Jose Obregon stated the resources are allocated on a basis of variables. Mayor Gonzales requested staff to track those resources and volume and asked staff how these resources affect the budget. Director of Parks, Recreation & Neighborhood Services Sara Hensley stated they are currently working on recruiting volunteers to service the areas in need.

Mayor Gonzales asked staff how many residents the homework centers serve. Director Hensley stated the number of residents vary. Mayor Gonzales requested staff to return with further clarification on the issue and whether or not any of the proposed homework centers make a profit.

Vice Mayor Dando requested more information about park maintenance operations. Deputy Director of Visitor Services and Facilities, Julie Mark, agreed to return with the requested information as well as the staffing levels for each park and how they would look after the proposed reduction levels took place. Vice Mayor Dando requested staff also include how much money the reductions would serve.

Vice Mayor Dando asked if there was a demand for the youth employment program during the fall and spring school sessions. Director Hensley reported that the major focus of the program is the summer months. Vice Mayor Dando suggested a partnership between the Chamber of Commerce, Manufacturing groups and Council District offices to assist in the success of this program.

Council Member Yeager asked if in the event of eliminating the director of a theater program, what would happen to the program itself. Director Hensley explained that some programs will be made available but at a reduced level. Council Member Yeager requested staff to provide Council with documentation explaining the issue.

Mayor Gonzales adjourned the Study Session at 4:56 p.m. to reconvene on Thursday, May 13, 2004 at 8:00 a.m

May 13, 2004

All Council Members Present.

Mayor Gonzales called the 2004-2005 Proposed Operating Budget Study Session to order at 8:05 a.m.

Recreation and Cultural Services CSA (Continued from Wednesday, May 12, 2004)

Council Member Gregory asked staff how many new parks are anticipated. Deputy Director of Visitor Services and Facilities, Julie Mark stated that 20 additional parks are

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estimated and agreed to provide more information to Council. Director of Parks, Recreation & Neighborhood Services Sara Hensley commented they did not have the necessary dollars to fund these parks but are relying on programs such as the Adopt-A-Park program and assistance from friends and partners of the City. Council Member Gregory emphasized the need to better understand what and when parks are currently used and added that this information should be reflected in the budget. He also asked staff to look into possible ways of keeping the Solari Community Center open.

Council Member LeZotte requested a matrix demonstrating the number of community programs per Council district.

Council Member Chavez requested that staff consider management auditing or a third-party audit on park ranger staffing and community grants.

Mayor Gonzales recessed the Budget Study Session at 11:42 p.m.

Mayor Gonzales reconvened the Budget Study Session at 1:10 p.m.

Absent: Council Members – Campos (excused).

Aviation Services CSA

Director of Aviation, Ralph Tonseth, Senior Civil Engineer Dave Maas, Deputy Director of Finance and Administration Terri Gomes and Director of Transportation Jim Helmer delivered the first part of a two part presentation on Airport Services.

Council Member Yeager requested staff to provide within the Building Strong Neighborhoods report, the eight outstanding airlines with pending curfew fines and to include ways Aviation Services are planning to collect those fines.

Environmental and Utility Services CSA

Director of Environmental Services, Carl Mosher, Deputy Director of Transportation, Kevin O'Connor, Deputy Director of Water Pollution Control Plant, Ron Garner, and Deputy Director of Watershed Management, Randy Shipes presented an overview of the Environmental and Utility Services CSA.

Vice Mayor Dando asked staff to provide Council with the cost and expenses of enforcing parking prohibitions. Deputy Director O'Connor stated he would return with that information.

Council Member Cortese requested more information about the Municipal Water Rate Increase Chart. Director Mosher agreed to provide that information at a later date.

May 13, 2004 (Cont'd.)

Transportation Services CSA

Director of Transportation Jim Helmer presented an overview of the Transportation Services 2004-2005 Proposed Budget. Chief of Police Rob Davis summarized the Safe Streets Program, Good Traffic Flows, and Reviving the Economy. Deputy Director of Transportation Kevin O'Connor provided highlights of the Essential Maintenance Services, Pavement Maintenance, Landscapes and Streetscapes, and Traffic Maintenance.

Vice Mayor Dando commended staff on their efforts in traffic calming issues and asked staff to explain what created the most positive changes. Director Helmer credited the increase in stop signs, crosswalks and community outreach helped to improve traffic calming.

Council Member Chavez suggested vests to be used by police officer directing traffic to ensure their safety. Director Helmer stated they would look into the issues further.

Mayor Gonzales adjourned the Study Session at 4:58 p.m. to reconvene on Monday, May 17, 2004 at 8:00 a.m.

May 14, 2004

Absent: Council Members - Campos. (Excused)

Mayor Gonzales called the 2004-2005 Proposed Operating Budget Study Session to order at 8:02 a.m.

Transportation Services CSA (Continued from Thursday, May 13, 2004)

Council questions and comments followed.

Council Member Yeager commented on Our City Forest, and the proposed 12.2% cut. Deputy Director of Transportation Kevin O'Connor reported that the 12.2% reduction is in the operating grant, and Staff does not have the resources to replace the trees. Director of Transportation James Helmer added that staff will be meeting with their Board of Directors in May 2004 to look at various issues and to promote activities for the program. Council Member Yeager asked Staff to return with information as to why it is such a large reduction in the number of trees being planted. Council Member LeZotte concurred but stated she encouraged staff to look for additional funding. She asked staff to focus on emergency type marking and ensuring an exemption around schools.

Council Member Cortese proposed assessment districts, as opposed to developer agreements, for street paving, particularly in larger developments. In addition, he asked

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how sidewalk repairs are accomplished. Deputy Director O'Connor reported that sidewalk repair takes approximately 60 days. Council Member Cortese suggested Staff return with a statement of condition or a plan to remedy this situation.

Council Member LeZotte asked Staff to expand the City's Hybrid Car Program to the County. Mayor Gonzales agreed and suggested that Staff look at ways to track the Program.

Mayor Gonzales expressed concern about outsourced City projects, stating numerous public services dig up the street, wipe out street markings, and take too long to repair the streets. He suggested the City staff do the repairs for a fee to ensure that repairs performed are property to City standards. Mayor Gonzales also asked Staff to look at the issues of relating to post-accident cleanup and debris clean up after Festivals are held downtown.

Public Safety CSA

Police Chief Robert Davis presented a brief overview of Crime Prevention and Community Education. Fire Chief Jeffrey Clet outlined the Fire Department CSA. Deputy Director-Assistant Auditor Steven Wing, Office of Emergency Services presented an overview for emergency preparedness and planning. Coordinator of San José Prepared Earl Stevens outlined the Independent Police Auditor budget oversight.

Public Comment: Mini Le, David Manske, Misty Batch, Santee Elementary/Fair Middle Schools, and Ray Cedeno, Crime Prevention Unit, spoke in opposition of the cut of the Police Department Crime Prevention Unit personnel.

Mayor Gonzales stated in terms of budget highlights, asked Staff to add verbiage regarding Homeland Security, noting that as an accomplishment. Mayor Gonzales also requested that Staff return with an estimate of Workers Compensation claims, and how that impacts the non-sworn work force.

Vice Mayor Dando encouraged Staff to look again at the Crime Prevention cuts, such as the Neighborhood Watch Program, the infant seat program, and Senior safety, reminding Staff that the City needs to keep the community involved and maintain these vital programs.

Vice Mayor Dando recommended that the City's paramedics receives training from the Stroke Awareness Center, additionally, she asked Staff to bring back to Council an approximate cost for the Police and Fire Academies, and how many people are on the waiting list.

Mayor Gonzales adjourned the Study Session at 12:01 p.m. to reconvene on Monday, May 17, 2004 at 8:00 a.m.

May 17, 2004

All Council Members Present.

Mayor Gonzales called the 2004-2005 Proposed Operating Budget Study Session to order at 8:07 a.m.

Public Safety CSA (Continued from Friday, May 14, 2004)

Council questions and comments followed.

Council Member Williams voiced concerns regarding cuts proposed for Crime Prevention and Community Education programs.

Council Member Yeager objected to the proposed elimination of the Hose Wagon and Air Unit at Station 6, as well as the Water Tender at Station 2.

Council Member Chavez expressed concern about proposed cuts to training academies, increased overtime costs, pending retirements and contemplated a greater demand for service with fewer people. She voiced concern about cuts to Crime Prevention programs, including TABS, C2 and the Safe Campus Initiative, as well as reduced staffing levels for the Horse-Mounted Unit, the Rangers and Field Training Officers. Council Member Chavez emphasized the importance of working with the School Districts and urged Staff to look at ways to get the community more involved. She suggested Staff consider working with the Redevelopment Agency on the possibility of expanding Best funding in order to stay on top of gang suppression. Referring to the Entertainment Cost Recovery, she requested that Staff take a look at the cost comparisons in other cities in order to be competitive.

Council Member LeZotte also expressed concern about overtime and the extra work for Police Officers in Crime Prevention programs. Police Chief Robert Davis replied it does not necessarily lead to overtime, as the Officers are deployed with an approximate 40% free patrol time, which means the Officers are free from calls, and are able to interact with the community. Council Member LeZotte, referring to the Crime Stoppers Program, requested information on the percentage of the Officer's time that is being eliminated from that program. She also suggested that Staff take advantage of grant opportunities available for crime prevention activities.

Council Member Campos agreed and urged Staff to reconsider what is being cut, particularly with Crime Prevention Programs.

Mayor Gonzales requested that Staff analyze if being "The Safest Big City in America", can benefit the public in regard to insurance rates based on zip codes, and whether the insurance companies are giving the people in the community the full benefit of the City's title.

May 17, 2004 (Cont'd.)

Strategic Support CSA

Director of General Services Jose Obregon presented an overview of the Strategic Support CSA Proposed Operating Budget. Deputy Director Employee Services Russell Strausbaugh outlined the Employee Services Department. Director of Public Works Katy Allen presented a brief outline of the Public Works Department. Information Officer Wandzia Grycz outlined the Information Technology Department. Deputy Director of Finance Andrew Heath presented an overview of the Finance Department.

Council questions and comments followed.

Mayor Gonzales challenged the Strategic Support CSA, over the next couple years, to proactively come up with ways to do a better job of getting the message out to the community about how the City is managing the taxpayer's dollars.

Mayor Gonzales requested Staff to highlight how residents use services when conducting business or looking for information, and expand on that section of the budget document.

Mayor Gonzales commented on the Performance Measure Development Activity and Workload Highlights, and asked for more specifics regarding the "To Do" list and the Work Plan.

Vice Mayor Dando noted that last year the City decided to eliminate flu shots for its employees, and suggested Staff consider either offering flu shots on site for a small fee or finding a community based organization to provide this service.

Vice Mayor Dando encouraged Staff to launch a pilot program that would allow the community to sign up on line for classes through the Parks, Recreation and Neighborhood Services.

Council Member Reed suggested the Budget include, in the Fiscal Management area, written policies on how the City spends reserves in the bad budget times and how to increase the City reserves during the good budget times.

Council Member Cortese asked for more information on the Fleet Management Program.

Mayor Gonzales adjourned the Study Session at 12:02 p.m. to reconvene on Wednesday, May 19, 2004 at 1:00 p.m.

May 20, 2004

All Council Members Present

May 20, 2004 (Cont'd.)

Mayor Gonzales called the 2004-2005 Proposed Operating Budget Study Session to order at 8:08 a.m.

Proposed Capital Budget

Budget Director Larry Lisenbee presented an overview of the Proposed Capital Budget. Redevelopment Agency Interim Director Harry Mavrogenes summarized the San José Redevelopment Agency Capital Budget.

Council questions and comments followed.

Vice Mayor Dando asked for details of District funds being used for Furniture, Fixtures and Equipment (FF&E) expenses on projects, and Director Lisenbee replied he would obtain details on some sample projects.

Vice Mayor Dando commented that there are some projects that carry over from one Council Member to the next. In her case, she has been carrying money for ten years on a community project, and consequently it looks as though there is a large fund balance in her District budget, when in fact the money has been purposely carried over from former Council Member Joe Head's term into her term. She said it is most likely that it will be carried over to the next Council Member's term. She stated that it is not a prudent strategy to always look at the District funds that are being carried for a number of years and assume there are other ways to use those funds because they are dedicated to a specific project.

Aviation Services

Assistant Director of Aviation Frank Kirkbride presented the Airport Capital Program. Steve Weindel, Gensler Architecture presented the Design Process Schedule, Study Session feedback from April 12, 2004, updates and the Proposed Architectural Design.

Council questions about numerous aspects of the design followed.

Vice Mayor Dando and Council Member Chavez suggested Staff seek input on nursing stations from Los Madres, and the County Lactation Specialist. Vice Mayor Dando encouraged Staff to keep the public informed about the Public Art component of the project. Council Member Chavez requested that Staff encourage local retailers, vendors, museums and artists to located shops at the airport.

Council Member Chavez expressed concern that Staff is trying to fit too much into a tight box, and is interested in the opportunity to expand the square footage, without expanding the gate size or creating compromises. Mayor Gonzales reminded the Council that there is a City Ordinance that regulates square footage.

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Council Member Cortese requested that Staff return with a visual concept of the architecture for Building A incorporated into the Airport.

Council Member Campos agreed that it is important to involve and inform the community that there is an Art project. She requested that Staff solicit input from the Disabled community, and added that the checkpoints through security should be user friendly.

Council Member Chirco encouraged Staff to incorporate the Guadalupe River into the project by making it the “gateway”. Deputy Director of Airport Master Plan Team David Maas reported that Staff is currently looking at that as part of the Landscape Master Plan being developed.

Council Member LeZotte requested that Staff ensure recycling kiosks are available throughout the building for both plastic, and glass, especially where passengers arrive from and embark on airplanes. She stated that the family friendly restroom should be accessible to “Dads” also.

Council Member Reed asked whether Staff is incorporating the Guadalupe River Trail in the Planning, enabling people to access the trails and walk to the Airport. Deputy Director Maas replied there is a team working on overall pedestrian and bicycle access to the Airport. Council Member Reed mentioned the total size issue, and if there is a need to increase the total size of the facility, then Staff should return to Council.

Council Member Williams remarked the parking garage is blocking the view, and suggested Staff integrate the parking into the Airport with no separation. He requested that Staff work with the community on the Public Art issue.

Council Member Yeager suggested that retail merchandise reflect the City of San José and that local restaurants be given the opportunity to become a part of the Airport. Council Member Yeager requested that Staff re-evaluate the measures for curfew enforcement of the airlines.

Mayor Gonzales noted an increase in the budget for the Airport Project Capital Program and suggested that next year Staff revisit the adopted policy and build in more flexibility.

Economic and Neighborhood Development

Deputy Director of Public Works Timm Borden presented the Economic and Neighborhood Development Developer Assisted Projects Capital Budget. Redevelopment Agency Interim Director Harry Mavrogenes presented the San José Redevelopment Agency 2004-2005 Capital Budget.

Council questions and comments followed.

May 20, 2004 (Cont'd.)

Council Member Williams requested an updated on undergrounding between Lean and Cottle Roads, south of Blossom Hill Road, where there are overhead power lines within the development. Deputy Director Borden reported all new developments within the last twenty years have been required to have their utilities undergrounded, and this particular area does not rank highly, according to the current criteria.

Deputy Director Borden responded to additional questions posed by Council Member Williams regarding trees planted in the median islands. He explained the contractor is obligated to replace any of the trees that die after planting.

Council Member Gregory asked Staff for an update on the undergrounding of Senter and Umbarger Roads. Assistant Director Department of Transportation Jim Ortbal promised to return with the scheduling.

The Study Session was recessed at 11:52 a.m. and reconvened at 1:08 p.m.

Economic and Neighborhood Development (Continued)

Council Member Chavez requested an MBA describing additional detail about Park Fees and Park Vouchers. She also inquired about the status of the partnership between the County of Santa Clara, and the Redevelopment Agency (RDA), as it relates to the Bond proceeds. Redevelopment Agency Interim Director Mavrogenes responded and explained that the agreement provides that if there were a bond issue, the RDA would pay 20% of any future bond proceeds through 2014. Council Member Chavez asked under what terms and conditions can the contract be renegotiated. City Attorney Richard Doyle replied the agreement provides for a re-opening in the event of a significant change in State law which impacts the ability of the Agency to issue debt or impacts its revenues, and to date while there have been a number of actions, there has not been the impact of legislation. Council Member Chavez requested that this issue be discussed in Closed Session at the conclusion of this budget process and once there is feedback from the County Assessors on how much money there is.

Council Member Chavez expressed concern regarding the status of the Corporation Yard in Japantown, and how the lack of progress might impact the 7th and Taylor project. She encouraged Staff to look at strategies to move the project along and requested information relating to what land has been going for in that area.

Council Member Chavez suggested that opportunities may exist in all the incubator programs for more revenue sharing, and asked whether all of the contracts with San José State University are on the same timeline for all the incubators. She expressed interest in the funding sources for the incubators. City Attorney Doyle replied within sixty days Staff expects to have more information. Council Member Chavez encouraged Staff to be creative with resources.

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Council Member LeZotte requested that Staff ensure there is SNI money allocated for the area along Winchester Boulevard, in addition to facade improvements.

Environmental and Utility Services

Director of Environmental Services Carl Mosher outlined Water Pollution Control, and the Water Utility System Capital Programs. Deputy Director of Public Works Timm Borden presented the Storm Sewer System. Director of Public Works Katy Allen presented a brief overview of the Sanitary Sewer System Capital Program.

Council questions and comments followed.

Staff responded to several questions by Vice Mayor Dando regarding the Municipal Water System for the North Coyote Valley with information regarding infrastructures, connections, costs and assessments to be provided at a later date, following completion of Staff analysis.

In response to an inquiry from Council Member Williams, Staff provided an update on new piping in District 2 from Bernal Avenue to Blossom Hill. Council Member Williams expressed concern relating to the impact of recycled water on the aquifers, and asked whether Staff plans to have a place to check quality of the recycled water going to Coyote Valley. Director Mosher replied Staff has not planned to have a sampling station but plans to sample the water with protocol established by the Santa Clara Valley Water District. Council Member Williams encouraged Staff to take every precaution to ensure the safety of the water when introducing recycled water into the environment. Council Member Williams noted that the Coyote Valley Specific Plan may include a water feature and suggested there may be a need to understand the implications of recycled water.

Council Member Cortese requested an informational memorandum comparing the City's fees to those in other jurisdictions.

Public Safety

Police Chief Robert Davis, Fire Chief Jeffrey Clet, and Deputy City Manager Ed Shikada presented the Public Safety Capital Program.

Council questions and comments followed.

Mayor Gonzales asked if there is sufficient funding available for land purchases to build or relocate eight fire stations. Deputy City Manager Shikada reported that Staff established the contingency reserve last year with Council approval. He added as Staff goes through the actual acquisitions, there may be a draw down of the contingency

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reserve for Willow Glen Station No. 37, which is the last station. Mayor Gonzales expressed concern regarding these estimates, stating that Staff needs to develop and stay within a consistent estimating pattern.

Vice Mayor Dando, referring to the building of Fire Station 12, requested that Staff meet with the neighbors in the area to inform them of the project before an official announcement is made.

Vice Mayor Dando expressed concern regarding Staff's recommendations relating to public art and noted that \$2 million is proposed this year in comparison with \$387,000 last year. She asked whether there was any flexibility to use the funding for other projects, such as assisting with museum construction. City Manager Del Borgsdorf replied his Staff would meet with the City Attorney and look at funding, flexibility or other legislative options available. Vice Mayor Dando suggested also looking at the overall policy. Deputy City Manager Shikada reported that the City Auditor is currently auditing the Public Art Program and explained a report back is due after the summer recess.

Council Member Williams spoke to the merits of the Public Art program.

Recreation and Cultural Services

Library Director Jane Light presented an outline of the Recreation and Cultural Services Capital Program.

Council questions and comments followed.

Council Member Campos, referencing Page 507, mentioned that the PAL allocation of \$100,000 is not for the restroom, but rather for the fields in Districts 4, 7, and 8. She requested the correction be made.

Council Member Gregory, referring to Page 407, requested that the newly renamed "Tully Community Branch Library", be correctly reflected in all documents.

Vice Mayor Dando, referring to Page 451, noticed the Hoffman Via Monte Community Center was listed "to be deferred" and requested that Staff correct that, stating the lease was assigned and the project is moving forward.

Council Member Chavez expressed concern regarding Tamien Park being deferred and asked how Staff determines operating and maintenance costs for community centers. In addition, she asked for more information regarding the strategy used by Staff relative to the closing of community centers. Director of Parks, Recreation and Neighborhood Services Sara Hensley replied that Staff would break the information down per site,

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collaborate with General Services as to the operation and maintenance, and return to Council with an informational memorandum. Council Member Chavez requested Staff include the entire savings, the outcome, what impacts it would have on other renovation monies the City may or may not be using, and impediments to usage. Director Hensley replied that Staff will expand the memorandum to include the projected cost and maintenance on existing facilities, and projected facilities, if applicable.

Mayor Gonzales adjourned the Study Session at 5:05 p.m. to reconvene on Friday, May 21, 2004 at 8:00 a.m.

May 21, 2004

All Council Members present

Mayor Gonzales called the 2004-2005 Proposed Operating Budget Study Session to order at 8:07 a.m.

Transportation Services

Director of Transportation James Helmer presented an overview of the Parking Capital Program. Deputy Director of Transportation Hans Larsen presented the Traffic Capital Program. Director of Public Works Katy Allen outlined the Capital Delivery Projects.

Council questions and comments followed.

Mayor Gonzales commented on the Taylor/First Street area mitigation project and requested that Staff, after Highway 87 is complete, observe how traffic patterns develop and bring this issue back for next steps.

Mayor Gonzales requested an update on the Traffic Calming Program. Director Helmer reported capital projects funded will be completed this year or early next year.

Mayor Gonzales asked how many traffic signals Staff would be upgrading for \$4.8 million. Director Helmer replied Staff is proposing 7 brand new signals, 3 major modifications, and 3 other new signals not yet identified, including many minor improvements throughout the City.

Vice Mayor Dando asked what is the strategy for maintaining median islands in residential neighborhoods. Director Helmer reported Staff's focus is on safety for the City's travelers, channelizing traffic on heavy roadways and to separate movements in two directions to prevent head-ons and left turn broadsides. He added Staff is limited in its ability to maintain existing medians that are currently landscaped. Vice Mayor Dando

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suggested that Staff perform a survey among the Council Members in order to identify the most egregious medians in their Districts, those that are the unsafe, and have residents facing them that create other problems. Vice Mayor Dando also suggested Staff could develop a plan to do a neighborhood partnership in order to have the median islands landscaped.

Vice Mayor Dando expressed concern for the Winfield project that is being reevaluated for possible deletion from this Fall's General Plan, and remarked she wants to ensure that this project will not be studied further. Deputy Director Larsen concurred and Staff is following that direction as indicated in the Capital Program, the project has been cut from funding. He added Staff is working with Planning, Building and Code Enforcement for the Environmental Impact Report for Council to consider, and the General Plan changes that result from the removal of Winfield is scheduled to come forward for action in the Fall.

Vice Mayor Dando asked for a status update on the Lester Property, near Snell Avenue and Branham Lane. Deputy Director of Public Works Timm Borden reported Staff is currently looking at what fair market value is and will offer to pay the County for the land. Vice Mayor Dando replied the last appraisal was approximately \$50,000 an acre (\$200,000 total) and asked what incentive the County has to sell the property to the City. Deputy Director Borden replied there are improvements included in the scope of the City's base project that would benefit the park. Vice Mayor Dando requested that Staff buy the property outright and move forward with the project.

Council Member Cortese asked whether there is a reserve fund that is focused internally to match opportunities to complete street paving projects as part of new development when there is clearly a nexus to accomplish that. Director Helmer replied Staff has a reserve called Miscellaneous Street Improvements, and a Developer Assisted Traffic Signal Program. Council Member Cortese stated that it would be a good idea to expand those programs, and find ways to motivate people during the planning stages.

Council Member Campos requested a list of the streets and signals for the signal re-timing project.

Council Member Yeager asked Staff whether there are enough funds for the Railroad Grade Crossings program. Deputy Director Larsen reported Staff has an adequate level of funding as we;; as Federal dollars available for upgrading and a 10% local match. Council Member Yeager asked for a list of the Railroad crossings that Staff is working on currently to obtain funding in order to improve them. Deputy Director Larsen indicated the information would be forwarded to Council.

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Council Member LeZotte commented on median islands landscaping, and suggested Staff look at a program similar to "Adopt a Highway", in which the Neighborhood Action Committees (NAC) could adopt the medians. She also proposed there may be grant opportunities established for the NACs. City Attorney Doyle indicated this was an option but also clarified once a program is established, any group that wants to participate, must be allowed to do so. Council Member LeZotte remarked there would be an overall benefit to the City.

Council Member Chavez remarked on the Parking Guidance System and signage opportunities downtown, and asked if the planning process is still connected to the Redevelopment Agency. Assistant Director Department of Transportation Jim Ortbal confirmed it is, and explained that the programs are consistent with the RDA Signage Master Plan. Council Member Chavez requested that Staff stay connected to some of the private sector ideals that have emerged around different signage in the downtown.

Council Member Chavez expressed concern on how Staff is working on the couplets in general, that the projects are divided up into what happens in the street, and what happens on the sidewalk. She stated those two elements are delinked both in the funding and in the strategy, and requested that over the next year Staff develop a method for linking those two together.

Council Member Williams remarked he has received complaints from wheelchair-bound constituents that at the traffic signal area in intersections it is difficult to reach the buttons because of the separation medians, and asked if there were funds to address that type of issue. Director Helmer replied there is flexibility in Staff's Miscellaneous Improvement categories and in the Minor Traffic Signal Improvement projects. He added Staff has the capacity to do a modest number of those throughout the City.

The Transportation Services CSA Capital Budget Programs were completed. The morning Study Session recessed at 10:06 a.m.

Mayor Gonzales reconvened the Budget Study Session at 10:18 a.m.

Director of General Services Jose Obregon, Director of Public Works Katy Allen, Chief Information Officer, Wandzia Grycz and Deputy City Manager for Capital Projects, Terry Roberts presented an overview of the Strategic Support CSA Capitol Programs.

In response to an inquiry from Mayor Gonzales about the budget process, Budget Director, Larry D. Lisenbee stated Council could still expect more technical Mayor's Budget Addendums (MBAs), the cleanup process and re-budgeted items by the middle of next week.

Mayor Gonzales reminded his colleagues, that all Council budget documents are due to his Offices on May 24, 2004 by 5pm.

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Mayor Gonzales adjourned the Budget Study Session at 10:54 a.m.

RON GONZALES, MAYOR

ATTEST:

LEE PRICE, C.M.C, CITY CLERK

EW/SD