

**REGULAR MEETING OF THE SAN JOSE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE**

SAN JOSE, CALIFORNIA

MONDAY, SEPTEMBER 28, 2009

The Community and Economic Development Committee of the City of San José convened in regular session at 1:32 p.m. in Conference Rooms 118 and 119, Council Wing, City Hall.

PRESENT: Council Member Nancy Pyle, Chair; Council Member Sam Liccardo, Vice Chair; Council Members Rose Herrera and Ash Kalra.

ABSENT: None.

STAFF: Chief Development Officer Paul Krutko, Assistant City Attorney Ed Moran, Deputy Executive Director Redevelopment Agency John Weis and Legislative Secretary Susan Davis.

REVIEW OF WORK PLAN

(1) Small Business Incubators Status Report (Redevelopment Agency Board)

Action: Deferred to December 2009.

REPORTS TO COMMITTEE

(1) Acceptance of verbal report of from the Chief Development Officer Paul Krutko. (OED)

Action: The Committee accepted the report.

(2) Accept Staff's report on progress made to create an Affordable Housing Outreach Policy.

Documents Filed: (1) Memorandum from City Attorney Richard Doyle, dated September 22, 2009, providing information regarding outreach requirement for market rate project conversion to affordable housing. (2) Memorandum from Director of Housing Leslye Krutko, dated September 11, 2009, recommending acceptance of the report.

REPORTS TO COMMITTEE

(2) (Cont'd.)

Public Comments: David Wall expressed his concerns on affordable housing.

Action: The Committee accepted the report. Staff was directed to return to Community & Economic Development Committee after considering potential options to the staff recommendation and with further clarification of State law requirements. Staff agreed to report back to the Committee as soon as this research can be completed.

- (3) (a) **Accept this report on the evaluation of service delivery changes in the proposed FY2009-2010 budget.**
- (b) **Agendize for City Council consideration of adoption of a resolution:**
- (1) **Approving a new Council Policy establishing a decision making framework to evaluate service delivery models.**
 - (2) **Approving revised Policy 0-29 (Public Private Competitive Policy) as further described in this memorandum.**

Documents Filed: (1) Memorandum from Council Member Kalra, dated September 25, 2009, recommending amendments to Policy 0-29. (2) Memorandum from City Attorney Richard Doyle, dated September 25, 2009, providing background on the assessment of other California Cities that restrict contractors from making contributions and constitutional analysis of the City's ability to restrict contributions from contractors. (3) Memorandum from Chief Deputy City Manager Edward K. Shikada, dated August 13, 2009, recommending acceptance of the report and referral to the full Council for consideration. (4) Supplemental memorandum from Chief Deputy City Manager Edward K. Shikada, dated September 16, 2009, responding to the August 21, 2009 request for additional information form Working Partnerships USA. (5) Staff presentation of the Competition Policy Review – Evaluating Service Delivery dated September 28, 2009.

Public Comments:

Bill Pope (Operating Engineers, Local 3) and Gay Gail (CAMP) stressed the importance of applying safeguards to ensure quality of work, accountability and standards.

Bob Brownstein (Working Partnerships USA) spoke in favor of establishing a threshold for requiring a business case analysis and clarified that the application of "sunshine" was intended to apply only to outsourced projects.

Gay Gail read a statement from Yolanda Cruz (AFSCME/MEF) proposing an alternative threshold for requiring a business case analysis.

Skyler Porras and Jeremy Barousse asserted that outsourcing reduces public's access to information and spoke in support of additional "sunshine" as it relates to business records.

(3) Public Comments (Cont'd.)

Reverend Dr. Butziger (First Presbyterian Church) urged the Committee to include a provision to restrict "pay to play" campaign contributions. David Wall suggested contributions by contractors be limited to some point from the conclusion of the work.

Pat Sausedo (San José Silicon Valley Chamber of Commerce) reported that the alternative services delivery policy as recommended by staff is supported by the Chamber, but voiced concern about applying a dollar figure in addition to the number of employees as a threshold. She asserted that revised Policy 0-29 is still fraught with red tape, time-demanding steps and decision points that will discourage private companies. She provided suggestions regarding recommendations regarding access to records and the "whistle-blower" provision. In closing, Ms. Sausedo urged the Committee to recommend a one-year review to consider how many proposals were referred for RFP or competition, how much money was saved, and how long it took for the process to be executed.

Action: The Committee accepted the report and referred to the full Council for consideration on October 20, 2009, a resolution adopting the draft policy entitled "Service Delivery Evaluation" and the revising of Policy 0-29 "Public Private Competition Policy" as well as consideration of amendments proposed by Council Member Kalra in his memorandum dated September 28, 2009, as modified by the Committee: (1) Amend Step #1 of the draft Service Delivery Evaluation Policy by *changing the threshold* (for changes expected to result in addition, deletion, or reclassification of five (5) or more City full-time equivalent (FTE) positions) *to three (3) or more FTE positions*. (2) Amend Recommendation #10 of revised Council Policy 0-29 (Sunshine Requirements – Public Disclosure) to include a provision on the availability of information *drafted that creates protection for legitimate proprietary information and information that serves no public purpose; requires the information that must be made available is identified upfront as a part of the request for proposal process, and only applies to new service delivery contracts developed under Council Policy 0-29*. (3) Modify language in revised Council Policy 0-29 (Evaluation of Breach of Contract in 3rd Tier Review) to specify what "documented evidence" related to a breach of contract will be reviewed and consider information only if there is unquestionable notice of a contractual dispute and allegation of breach. The Committee also deferred to a future Committee meeting discussion of the "Pay to Play" prohibition (campaign contribution restrictions).

(4) Accept Staff's verbal progress update report on the Mayor's Budget Message directive to review marketing budgets and identify opportunities to improve collaboration and use resources most effectively on the effort to communicate key San José messages through the national/international media. (OED/RDA/Mayor's Office)

Documents Filed: Memorandum from Chief Development Officer Paul Krutko, dated September 8, 2009, reporting that there will be a verbal progress update on the Mayor's Budget Message directives.

(4) (Cont'd.)

Council Member Herrera left the Committee Meeting at 3:20 p.m.

Public Comments: Scott Knies, San José Downtown Association, spoke in favor to the Mayor's Budget Message directive.

Action: The Committee accepted the report. The Committee referred Item (4) to the full Council for consideration on October 20, 2009.

(5) Accept the Staff memorandum and attached 2009 State Legislative Bill Matrix concerning the pending State Legislation in the Community and Economic Development City Service Area. (City Manager's Office)

Documents Filed: Memorandum from Director of Intergovernmental Relations Betsy Shotwell and Legislative Representative Roxanne Miller, dated September 9, 2009, recommending acceptance of the report.

Action: The Committee accepted the report.

(6) Small Business Incubators Status Report

Action: Deferred to December 2009.

(7) Accept Staff's verbal status report on Neighborhood Business District retail and small business assistance programs including façade improvements. (RDA)

Documents Filed: Staff presentation on Neighborhood Business District Retail and Small Business Assistance Programs dated September 28, 2009.

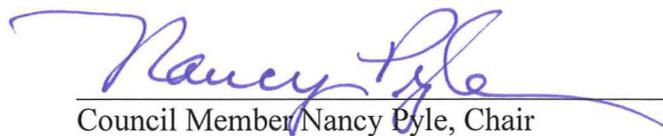
Action: The Committee accepted the report.

OPEN FORUM

David Wall offered his solution on sustainable agriculture to help stimulate the economy.

ADJOURNMENT

Council Member Pyle adjourned the meeting at 4:03 p.m.



Council Member Nancy Pyle, Chair
Community and Economic Development Committee