

Distributed on:

Sent to Council:

JUL 20 2010

by City Manager's Office



Memorandum

**TO: HONORABLE MAYOR
AND CITY COUNCIL**

FROM: Nadine Nader

SUBJECT: Early Council Packet

DATE: July 20, 2010

Approved

Date

7/20/10

EARLY DISTRIBUTION COUNCIL PACKET FOR AUGUST 3, 2010

Please find attached the Early Distribution Council Packet for the August 3, 2010 Council Meeting.

3.x Approval of the Terms of an Agreement with the San Jose Police Officers' Association.

Recommendation:

- (a) Adopt a resolution approving the terms of an agreement for the period of July 1, 2010 through June 30, 2011, between the City and the San Jose Police Officers' Association.
- (b) Restoration of 70 Police Officer positions as follows:
 - (1) Restore 62 Police Officer positions, on a one-time basis, effective August 1, 2010 through June 30, 2011.
 - (2) Restore 8 Police Officer positions ongoing, effective August 1, 2010.
- (c) Adopt the following 2010-2011 Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund:
 - (1) Decrease the Police Department Personal Services appropriation by \$883,954.
 - (2) Increase the Police Department Non-Personal/Equipment appropriation by \$331,504.
 - (3) Decrease the Office of the City Attorney Personal Services appropriation by \$20,932.
 - (4) Establish a 2011-2012 Future Deficit Earmarked Reserve of \$1,230,000.
 - (5) Decrease the Unemployment Insurance Earmarked Reserve by \$985,000.
 - (6) Decrease the revenue estimate for Transfers and Reimbursements by \$301,094.
 - (7) Decrease the revenue estimate for Licenses and Permits by \$27,288.

- (d) Adopt the following 2010-2011 Appropriation Ordinance amendments in the Airport Maintenance and Operations Fund (Fund 523):
 - (1) Decrease the Transfer to the General Fund by \$301,094.
 - (2) Increase the Ending Fund Balance by \$301,094.
 - (e) Adopt a resolution amending the Schedule of Fees and Charges (Resolution No. 72737, as amended) to decrease the Cardroom Card Table Fee from the adopted \$24,755 per table to an adjusted fee of \$24,413 per table.
- CEQA: Not a Project, File No. PP10-066 (g) Agreements/Contracts. (City Manager's Office)

3.x Consideration of Community Polling Results and Potential Ballot Measures.

Recommendation:

- (a) Council receipt of the community polling results on potential ballot measures as performed by Fairbanks, Maslin, Maulin, Metz & Associates.
- (b) Council consideration of a 1/4 Percent Sales Tax measure.
- (c) Council consideration of a Marijuana Business Tax measure.

CEQA: Statutorily Exempt, CEQA Guidelines Section 15273, Rates, Tolls, Fares and Charges (File No. PP10-067 (a)). (City Manager's Office/Finance/City Attorney's Office)
SUNSHINE WAIVER GRANTED ON 6/22/10 - TO BE DISTRIBUTED BY 7/23/10

3.x Public Hearing on Sewer Service and Use Charges and Storm Sewer Service.

Recommendation: Hold a public hearing on the Sewer Service and Use Charges and Storm Sewer Service Charges report filed by the Director of Finance with the City Clerk's Office and adopt a resolution to approve the placement of recommended charges on the 2010-2011 Santa Clara County assessment roll, with such modifications as the City Council may make based on public hearing testimony. CEQA: Not a Project, File No. PP10-069(a) City Organizational & Administrative Activities. (Finance)

6.x Actions Related to Grants by the Metropolitan Transportation Commission for the 2010 Transportation for Livable Communities Program.

Recommendation: Approval of the following action to receive funding grants by the Metropolitan Transportation Commission (MTC) for the 2010 Transportation for Livable Communities (TLC) program in the amount of \$8,162,000 for three transportation improvement projects on San Fernando Street, The Alameda, and San Carlos Street.

- (a) Adopt a resolution authorizing the City Manager to negotiate and execute all documents necessary to effectuate the grants, including but not limited to submission of the grant applications for the three (3) projects to MTC for the 2010 TLC grant program, in the total amount of \$8,162,000, with \$6,529,800 of that amount reimbursable to the City as the three projects progress, and including a non-reimbursable local match of \$1,632,200.

- (b) Adopt a resolution authorizing the loan of \$1,351,000 from developer impact fees collected for the US101/Blossom Hill Interchange project to partially fund the local match of \$1,632,200 for two (2) projects to the MTC for the 2010 TLC grant projects and, among other conditions, to repay the US 101/Blossom Hill Interchange Reserve in full by 2012-2013 including interest payment at the City's pooled investment rate and to reserve as collateral for repayment of the US101/Blossom Hill Interchange funds in the Route 101/Tully Interchange which is a future City proposal to the VTA in the amount of \$6.0 million towards construction of the interchange.
- (c) Adopt the following Appropriation Ordinance amendments in the Building and Structure Construction Tax Fund:
 - (1) Establish an appropriation to the Department of Transportation for The Alameda – A Plan for the Beautiful Way project in the amount of \$845,000;
 - (2) Establish an appropriation to the Department of Transportation for the San Carlos Multimodal Streetscape Improvements – Phase II project in the amount of \$506,000; and
 - (3) Decrease the Reserve – Route 101/Blossom Hill Interchange Improvements project by \$1,351,000.
- (d) Adopt the following Appropriation Ordinance amendments in the Construction Excise Tax Fund:
 - (1) Establish an appropriation to the Department of Transportation for the San Fernando Street Enhanced Bikeway and Pedestrian Access project in the amount of \$281,200; and
 - (2) Decrease the Bicycle and Pedestrian Facilities project by \$281,200.

CEQA: San Fernando Street Enhanced Bikeway and Pedestrian Access - Statement of Exemption, File No. PP10-124; The Alameda "A Plan for the Beautiful Way" - Statement of Exemption, File No. PP10-132; and San Carlos Multimodal Streetscape Improvements - Re-use of the Downtown Strategy SEIR, Resolution No. 68839, File No. PP03-254. Council District 3 and 6. (Transportation/City Manager's Office)

JOINT CITY OF SAN JOSÉ CITY COUNCIL/FINANCING AUTHORITY AGENDA:

Actions Related to the Issuance of Qualified Energy Conservation Bonds.

Recommendation:

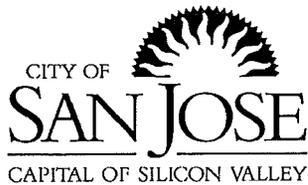
- (a) Adopt a resolution of the City of San José City Council approving the financing structure for, and the potential projects to be financed by, the City of San José Financing Authority's issuance of Qualified Energy Conservation Bonds, in an aggregate principal amount not to exceed \$9,750,904.66, in connection with the financing of certain energy efficiency and renewable energy capital improvements of the City of San José, and declaring the City's intention to reimburse qualified project costs from bond proceeds.

- (b) Adopt a resolution of the City of San José Financing Authority Board approving the financing structure for the issuance of Qualified Energy Conservation Bonds, in an aggregate principal amount not to exceed \$9,750,904.66, in connection with the financing of certain energy efficiency and renewable energy capital improvements of the City of San José. (Finance/Environmental Services)
CEQA: Not a Project, File No. PP10-067, Non-Project Specific Funding Mechanism.

These items will also be included in the Council Agenda Packet with item numbers.



NADINE NADER
Assistant to the City Manager



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Gurza
Jennifer Maguire

SUBJECT: SEE BELOW

DATE: July 19, 2010

Approved

Date

7/19/10

SUBJECT: APPROVAL OF THE TERMS OF AN AGREEMENT WITH THE SAN JOSE POLICE OFFICERS' ASSOCIATION (POA)

COUNCIL DISTRICT: N/A
SNI AREA: N/A

RECOMMENDATION

1. Adoption of a resolution to approve the terms of a Memorandum of Agreement with the San Jose Police Officers' Association (SJPOA) and authorizing the City Manager to execute the agreement with a term of July 1, 2010 to June 30, 2011.
2. Restoration of 70 Police Officer positions as follows:
 - a. Restore 62 Police Officer positions, on a one-time basis, effective August 1, 2010 through June 30, 2011.
 - b. Restore 8 Police Officer positions ongoing, effective August 1, 2010.
3. Adoption of the following 2010-2011 Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund:
 - a. Decrease the Police Department Personal Services appropriation by \$883,954.
 - b. Increase the Police Department Non-Personal/Equipment appropriation by \$331,504.
 - c. Decrease the Office of the City Attorney Personal Services appropriation by \$20,932.
 - d. Establish a 2011-2012 Future Deficit Earmarked Reserve of \$1,230,000.
 - e. Decrease the Unemployment Insurance Earmarked Reserve by \$985,000.
 - f. Decrease the revenue estimate for Transfers and Reimbursements by \$301,094.
 - g. Decrease the revenue estimate for Licenses and Permits by \$27,288.
4. Adoption of the following 2010-2011 Appropriation Ordinance amendments in the Airport Maintenance and Operations Fund (Fund 523):
 - a. Decrease the Transfer to the General Fund by \$301,094.
 - b. Increase the Ending Fund Balance by \$301,094.

5. Adopt a resolution amending the Schedule of Fees and Charges (Resolution No. 72737, as amended) to decrease the Cardroom Card Table Fee from the adopted \$24,755 per table to an adjusted fee of \$24,413 per table.

OUTCOME

Adoption of the resolution and authorization to execute the successor agreement would implement a collective bargaining unit agreement between the City and the San Jose Police Officers' Association (POA).

BACKGROUND

In November 2009, the City Council in open session approved a goal of reducing the total ongoing employee compensation by 5%. In March 2010, the City Council approved the Mayor's Budget Message, which expanded the goal to include an additional 5% in personnel cost savings, including ongoing or one-time savings. As a result, the goal was to achieve a total compensation reduction of 10%. "Total compensation" is the total cost to the City of pay and benefits, including base pay, retirement contributions, health insurance and other benefits. Total compensation is calculated using budgeted salary and fringe benefit costs for the bargaining unit.

The POA represented approximately 1362 full time budgeted positions in Fiscal Year 2009-2010. This unit includes employees in the classifications of Police Recruit, Airport Police Officer, Police Officer, Police Sergeant, Police Artist, Police Lieutenant, Police Captain and Deputy Chief of Police.

The Memorandum of Agreement between the City of San Jose and the POA expired on June 30, 2010. The City and the POA commenced negotiations for a successor Memorandum of Agreement (MOA) in January 2010. The City and the POA were unable to reach an agreement that achieves a 10% total compensation reduction before the City Council approved the Fiscal Year 2010-2011 Budget. The Fiscal Year 2010-2011 Budget approved by the City Council includes the elimination of 159 sworn police officer positions. As a result, approximately 70 police officers are subject to layoff effective July 30, 2010.

Even though the City Council approved the Fiscal Year 2010-2011 Budget, the City Council directed staff to continue to negotiate with the POA in an attempt to reach an agreement that would avoid layoffs. If the City and the POA were unable to reach an agreement, the parties would proceed to binding interest arbitration. It would be many months before the arbitration hearings would take place, and the layoffs that are effective July 30, 2010, would have already occurred. Therefore, by the time an arbitration award was issued, police officers who are subject to layoff as a result of the Fiscal Year 2010-2011 Budget would not have been employed by the City of San Jose for many months and possibly over one year.

During these continued negotiations, the POA made a proposal to the City on June 30, 2010, that when combined with the Mayor's June Budget Message Police Officer attrition funding as approved by the City Council with adoption of the Fiscal Year 2010-2011 Budget, yields enough savings to delay the 70 layoffs currently planned for Fiscal Year 2010-2011. However, the POA's proposal

falls significantly short of achieving a 10% reduction in total compensation. The POA indicated that its June 30, 2010, proposal, which represents a total compensation reduction of less than 4% is as much as the POA is willing to offer. Since the concessions proposed by the POA would generate almost exclusively one-time savings, those concessions would preserve a portion of the police officer positions that are currently eliminated in the Fiscal Year 2010-2011 Budget for only one additional year. Therefore, absent additional ongoing concessions, the positions of employees who would avoid layoff through one-time savings would be eliminated effective June 30, 2011, and would not be included in the budget development of Fiscal Year 2011-2012.

Although the POA's proposal would delay the current proposed layoffs through June 30, 2011, it would not avoid elimination of a significant number of vacant police officer positions, which results in the loss of public safety services to the community. This is a loss in the number of sworn police personnel that the City hoped could have been avoided through a 10% reduction in total compensation for employees represented by the POA.

In order to avoid the layoff of 70 police officer positions, the City Administration asked the POA to take its June 30, 2010 proposal to its membership for ratification. The POA took its proposal to the membership and notified the City Administration on July 13, 2010, that approximately 75% of the POA membership voted in favor of the proposal. Therefore, the POA proposal dated June 30, 2010 has been ratified. Since the tentative agreement is only a one year contract the City considers the tentative agreement a "stop-gap" measure to avoid police officer layoffs temporarily while providing the City and the POA the opportunity to negotiate a new contract that includes on-going savings and reforms before additional permanent cuts become necessary for the next fiscal year. A complete copy of the tentative agreement is attached.

ANALYSIS

The following is a summary of the terms contained in the June 30, 2010, proposal from the POA:

Temporary Additional Retirement Contributions Effective June 27, 2010 through June 25, 2011, employees will make an additional retirement contribution in the amount of 5.25% of pensionable compensation, and this amount will be applied to reduce the contributions that the City would otherwise be required to make during that time period for the pension unfunded liability. This additional employee retirement contribution would be in addition to the employee retirement contribution rates as approved by the Police and Fire Department Retirement Board.

In the event the additional retirement contribution cannot be implemented or is ceased for any reason, employees would instead have their base pay temporarily reduced by the equivalent amount.

Temporary Uniform Allowance Freeze Currently, employees receive a uniform allowance not to exceed \$675 annually. Payments are made during the first two pay periods of each month, in the amount of \$28.12 per biweekly pay period.

Effective September 5, 2010 through June 25, 2011, employees shall be ineligible to receive uniform allowance payments.

**Healthcare
 Cost Sharing**

Currently, the City pays ninety (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee pays ten (10%) of the premium for the lowest priced plan for employee or employee and dependent coverage.

Effective December 26, 2010, the City will pay eighty five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay fifteen (15%) of the premium for the lowest priced plan for employee or employee and dependent coverage.

**Healthcare
 HMO Plan Design**

The current HMO Plan Design provides for \$10 office visit co-pay, \$5 generic and \$10 brand name prescription co-pays, and a \$50 emergency room co-pay.

Effective January 1, 2011, co-pays for all available HMO plans shall be as follows:

- a. \$25 office visit co-pay
- b. \$10 generic/\$25 brand name prescription co-pay
- c. \$100 emergency room co-pay
- d. \$100 inpatient/outpatient procedure co-pay

**Healthcare
 Dual Coverage**

Effective January 1, 2011, employees may no longer be simultaneously covered by City-provided medical and/or dental benefits as a City employee and as a dependent of another City employee or retiree.

**Healthcare
 Payment-In-Lieu**

Currently, employees who have other health and/or dental coverage are eligible for a health-in-lieu and/or dental-in-lieu amount of 50% of the City's premium. This results in a formula that increases as the City's costs towards healthcare increases. The current in-lieu amounts are as follows:

	<u>Health In-Lieu</u>	<u>Dental In-Lieu</u>
If eligible for family coverage:	250.31	24.44
If NOT eligible for family coverage:	100.54	24.44

Effective December 26, 2010, employees who qualify for and participate in payment-in-lieu of health and/or dental insurance program will receive the following per pay period:

	<u>Health In-Lieu</u>	<u>Dental In-Lieu</u>
If eligible for family coverage:	221.84	19.95
If NOT eligible for family coverage:	89.09	19.95

A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed NOT eligible for family coverage.

This changes the current formula from a percentage to a fixed dollar amount and will reduce the increases in the health in-lieu program in the future.

**No Layoffs
During Fiscal
Year 2010-2011**

Effective July 1, 2010 through June 30, 2011, there shall be no layoffs of positions represented by the POA. For purposes of this section, layoff shall be defined as involuntarily separation of City employment due to budget reductions.

Although there shall be no layoffs during this period, the parties understand that the Fiscal Year 2010-2011 Budget includes the elimination of positions represented by the POA. Any positions restored through one-time savings will restore positions for Fiscal Year 2010-2011 only. These positions will be eliminated on June 30, 2011.

EVALUATION AND FOLLOW-UP

None.

POLICY ALTERNATIVES

The Meyers-Milias-Brown Act (MMBA) governs labor relations for local government agencies in California. The MMBA states:

If after meeting and conferring in good faith, an impasse has been reached between the public agency and the recognized employee organization, and impasse procedures, where applicable, have been exhausted, a public agency that is not required to proceed to interest arbitration may implement its last, best and final offer, but shall not implement a memorandum of understanding. (California Government Code §3505.4)

Under City Charter, Section 1111, however, the City is required to proceed to binding interest arbitration with the San Jose Police Officers' Association (POA) and International Association of Fire Fighters, Local 230 where no agreement has been reached after impasse procedures. Binding interest arbitration has been included in the City Charter since 1980 when voters passed a ballot measure to include it for public safety unions in San Jose. Therefore, the City does not have the option to implement the terms of the City's Last, Best and Final Offer, as it can do with all other non-public safety bargaining units.

The City Charter requires the City to proceed to binding interest arbitration if no agreement is reached on wages, hours, or terms and conditions of employment after negotiation in good faith

and following the procedures outlined in the Employee-Employer Relations Resolution (#39367). Therefore, if no agreement was reached between the City and the POA, either party would declare impasse and follow the procedures outlined in the Resolution. An agreement would still be possible during the impasse procedures, however, this process takes time and layoffs for Fiscal Year 2010-2011 could not be avoided.

Once the impasse procedures are complete, the City would proceed to binding interest arbitration. City Charter Section 1111 provides that the arbitration process includes a Board of Arbitrators comprised of a City representative, employee organization representative, and a neutral arbitrator selected by the City and Union who serves as the Chairman of the Board. At the conclusion of the arbitration hearings, the City and Union submit last offers on each issue. The Arbitration Board ultimately decides each issue by majority vote. The arbitration award is final and binding.

The City Council approved a Fiscal Year 2010-2011 Budget that included the difficult decision to cut services to the community and eliminate hundreds of positions throughout the City, including police officer positions. Approximately 70 sworn officers are currently subject to layoff effective July 30, 2010. If the City proceeded to binding interest arbitration, the police officers who are subject to layoff as a result of the Fiscal Year 2010-2011 Budget will separate from City service for an unknown period of time, if not permanently. Further, the cost implication of any arbitration award would be unknown for many months.

The POA presented a proposal to the City Administration that would delay the layoff of 70 police officers currently scheduled for separation from City service effective July 30, 2010, and would preserve some of the public safety services provided to the community. The City Administration is recommending approval of the ratified POA proposal as a stop-gap measure to avoid police officer layoffs temporarily while providing the City and the POA the opportunity to negotiate a new contract that includes on-going savings and reforms before additional permanent cuts become necessary for the next fiscal year.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1. This memorandum will be posted on the City's website for the August 3, 2010, Council Agenda.

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

COST IMPLICATIONS

The terms of the recommended agreement between the City and the POA generate savings of \$8.5 million in 2010-2011 which represents 3.82% of total compensation (base pay, premium pays, retirement contributions, health insurance and other benefits). Ongoing savings of \$1.5 million is equivalent to 0.67% of total compensation.

As shown in Table 1, the agreement generates General Fund savings of \$8.5 million, partially offset by a revenue loss of \$328,000, resulting in net savings of \$8.2 million available to be allocated to restore positions. The restoration of 70 Police Officer positions through June 30, 2011 would cost \$9.2 million. A number of actions are necessary to align the budget with this recommended agreement, including appropriation ordinance and funding sources resolution adjustments in the Police Department, City Attorney's Office, Unemployment Insurance Reserve, 2011-2012 Future Deficit Reserve, revenue estimate for Transfers and Reimbursements, revenue estimate for Licenses and Permits, Cardroom Table Fee, and Airport Maintenance and Operation Fund.

Table 1: General Fund Budget Reconciliation

POA Agreement General Fund Reconciliation		
POA Agreement Expenditure Savings		8,545,073
Police Department Personal Services	8,524,141	
Attorney's Office Personal Services	20,932	
Revenue Impact		(328,382)
Airport Reimb. (Transfers & Reimbursements)	(301,094)	
Cardroom Table Fee (Licenses & Permits)	(27,288)	
Net Savings		8,216,691
Restoration of 70 Police Officers		(9,171,602)
Police Personal Services	(8,840,098)	
Police Non-Personal/Equipment	(331,504)	
POA Agreement Shortfall		(954,911)
Other Balancing Actions		
POA Agreement Shortfall		(954,911)
Use of Mayor's Message Attrition Funding		1,199,911
Unemployment Insurance Reserve Savings		985,000
2011-2012 Future Deficit Reserve		1,230,000

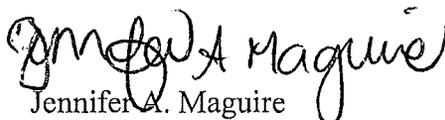
Of the \$8,545,073 in savings, savings of \$8,524,141 is generated in the Police Department and \$20,932 in the Office of the City Attorney to reflect the lower police staffing costs in the department and office, respectively.

A downward adjustment of \$328,382 to the revenue estimate for Transfers and Reimbursements and the revenue estimate for Licenses and Permits reflects lower sworn personal services costs. The Airport reimburses the General Fund for the cost of police services at the Airport. In addition, the Cardroom Table Fee is based on police staffing costs. Lower staffing costs require downward adjustments to revenue to bring the Airport reimbursement and Cardroom Table Fee within cost recovery levels per City Council policy.

Pursuant to the Mayor's June Budget Message, as approved by the City Council, the City Manager was directed to recalculate the value of General Fund service restorations based on concessions achieved. Restoration of 70 Police Officer positions requires funding of \$9.2 million, which represents the discounted cost of this restoration with the concessions in this agreement. The final POA concession net savings of \$8.2 million is insufficient to fund the restoration of these positions. This is a result of the POA agreement cost calculation being developed based on the Fiscal Year 2010-2011 Base Budget. The final savings achieved is calculated on the Adopted Budget, which includes fewer sworn police positions. Therefore, a lower amount of savings is achieved. It is therefore necessary to use a majority portion of the \$1.2 million allocated for police officer attrition as approved by the City Council with the adoption of the Fiscal Year 2010-2011 Budget. This one-time funding is available and recommended to restore the remaining portion of the 70 Police Officer positions in 2010-2011. Remaining savings of \$1.2 million, generated from Unemployment Insurance Reserve savings and remaining attrition funding that is no longer needed, is recommended to be allocated to establish a 2011-2012 Future Deficit Reserve as directed by City Council with approval of the Fiscal Year 2010-2011 Budget.

This agreement achieves the City Council goal to retain all 70 filled Police Officer positions to avoid layoffs this year. The agreement will generate \$8.2 million in 2010-2011 savings, of which \$1.5 million is ongoing. This ongoing savings is recommended to retain 8 of the 70 positions on an ongoing basis.

The City Administration has been advised by the Police & Fire Department Retirement Board's actuary, The Segal Company, that the additional retirement contributions that the employees will be making to offset the City's retirement contributions are refundable to the members upon termination of employment if the employee requests such return of contributions. The Board's actuary has calculated a refundability factor of 0.0008 for the employee contributions, meaning that of every \$1 in employee unfunded liability contributions, only \$0.992 is available to offset the unfunded liability after account for refunds. This actuarial loss will be factored in future valuations.


Jennifer A. Maguire
Budget Director


Alex Gurza
Director of Employee Relations

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

Attachments

**CITY OF SAN JOSE AND SAN JOSE POLICE OFFICERS' ASSOCIATION
TENTATIVE AGREEMENT**

PERIOD OF MEMORANDUM OF AGREEMENT

Term: July 1, 2010 – June 30, 2011

COST SHARING FORMULA

See Attached

HEALTHCARE HMO PLAN DESIGN

See Attached

HEALTH AND/OR DENTAL IN LIEU

See Attached

HEALTHCARE DUAL COVERAGE

See Attached

ADDITIONAL RETIREMENT CONTRIBUTIONS (ONE-TIME)

See Attached

UNIFORM ALLOWANCE

See Attached

NO LAYOFFS DURING FISCAL YEAR 2010-2011

See Attached

Although the POA has ratified this Tentative Agreement, it shall not be considered final or binding until approved by the City Council. This document sets forth the full agreements of the parties reached during these negotiations. Anything not included in this document is not part of the Tentative Agreement.

FOR THE CITY:

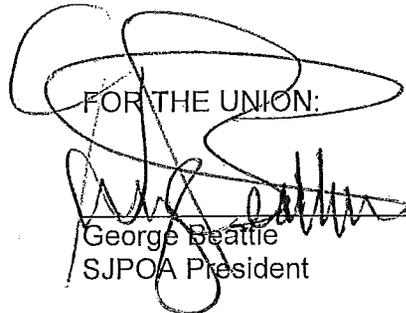


Alex Gurza
Director of Employee Relations

7/15/2010

Date

FOR THE UNION:



George Beattie
SJPOA President

7/15/2010

Date

POA Proposal

TERM

ARTICLE 1 TERM

- 1.1 This Memorandum of Agreement (hereinafter, "Agreement") shall become effective July 1, 2010~~08~~, except where otherwise provided, and shall remain in effect through June 30, 201~~0~~10. No amendment or change to the provisions of this Agreement shall be valid or binding unless reduced to writing and signed by duly authorized representative(s) of the parties.

June 30, 2010

POA Proposal

COST SHARING FORMULA

8.1 Health Insurance Coverage

8.1.1 Eligible employees may elect health insurance coverage under one of the available plans for employee only or employee and dependents.

~~8.1.2 The City will pay ninety (90%) percent of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay ten (10%) percent of the premium of the lowest cost plan up to a maximum of \$150.00 per month. Any additional amount above the cost of the lowest priced plan, less \$150.00 per month, required for the premium of any plan other than the lowest priced plan shall be paid by the employee.~~

~~8.1.3~~ 8.1.2 Effective the first pay period of payroll calendar year 2009, the City will pay ninety percent (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay ten percent (10%) of the premium for the lowest priced plan for employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

8.1.3 Effective December 26, 2010, the City will pay eighty-five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay fifteen percent (15%) of the premium for the lowest priced plan for employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

POA Proposal

HEALTHCARE HMO PLAN DESIGN

The City of San Jose and the POA entered into a Tentative Agreement on April 20, 2010. The parties mutually agree to amend the Tentative Agreement on the Healthcare HMO Plan Design as follows:

8.1.4 ~~Effective January 1, 2009, co-pays~~Co-pays for all available HMO plans shall be as follows:

- a. Office Visit Co-pay: \$10
- b. Prescription Co-pay: \$5 for generic and \$10 for brand name (The Blue Shield HMO will continue to include \$15 non-formulary drug co-pay.)
- c. Emergency Room Co-Pay: \$50

Effective January 1, 2011, co-pays for all available HMO plans shall be as follows:

- a. Office Visit Co-pay shall be increased to \$25.
- b. Prescription Co-pay shall be increased to \$10 for generic and \$25 for brand name.
- c. Emergency Room Co-pay shall be increased to \$100.
- d. Inpatient/Outpatient procedure copay shall be increased to \$100

POA Proposal

HEALTH AND/OR DENTAL IN LIEU

The City of San Jose and the POA entered into a Tentative Agreement on April 20, 2010. The parties mutually agree to amend the Tentative Agreement on the Health and/or Dental in lieu as follows:

8.3 Payment-in-Lieu of Health and/or Dental Insurance Program

8.3.1 The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have double health and/or dental insurance coverage to drop the City's insurance and receive a payment-in-lieu.

8.3.2 Employees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive fifty (50%) percent of the City's contribution toward his/her health and/or dental insurance at the lowest cost single or family plan if the employee is eligible for family coverage. The City will retain the remaining fifty (50%) percent of that contribution.

Effective December 26, 2010, employees who qualify for and participate in the payment in-lieu of health and/or dental insurance program will receive the following per payperiod:

	<u>Health in-lieu</u>	<u>Dental in-lieu</u>
<u>If eligible for family coverage</u>	<u>\$221.84</u>	<u>\$19.95</u>
<u>If NOT eligible for family coverage</u>	<u>\$89.09</u>	<u>\$19.95</u>

8.3.3 A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed not eligible for family coverage.

8.3.43 The payment-in-lieu of health and/or dental insurance program is available to full-time employees who are not on a reduced workweek or unpaid leave and have alternate group health and/or dental coverage. To qualify, an employee must provide proof of alternate group coverage to Human Resources. Alternate coverage must be acceptable by the City.

8.3.54 Enrollment in the payment-in-lieu of health and/or dental insurance program can only be done during the first thirty (30) days of employment, during the annual open enrollment period or within thirty (30) days of a qualifying event (as defined in the Human Resources Benefit Handbook) occurring anytime during the year. Employees who fail to enroll in the payment-in-lieu program during the thirty (30)-day time limit after a qualifying event must wait until the next open enrollment period to enroll in the payment-in-lieu of insurance program. The employee may cancel enrollment in the payment-in-lieu of insurance program only during the annual open enrollment period unless the employee loses alternate group coverage. Enrollment or cancellation during the open enrollment period will become effective the first pay period of the following calendar year.

POA Proposal

8.3.56 Payments for the in-lieu insurance program will be discontinued if an employee becomes ineligible for the program. An employee's ineligible status would include, but not be limited to, the following situations: employment status changes from full to part time, employee is on an unpaid leave of absence, employee is on a reduced work week, or employee loses or does not have alternate insurance coverage. An employee whose in-lieu payments are discontinued may enroll, if eligible, in a health and/or dental plan during the next annual open enrollment period.

8.3.76 If an employee loses alternate coverage, the employee may enroll in a City health and/or dental plan outside of the open enrollment period. To be eligible the employee must provide verification that alternate coverage has been lost.

8.3.76.1 **HEALTH INSURANCE:** To enroll in a City health insurance plan following loss of alternate coverage, the employee must pay all unpaid premiums (City and employee contributions) and refund any excess in-lieu-payments required to make the coverage effective on the date when alternate coverage ceased. Re-enrollment in the plan shall be in accordance with the carrier's enrollment procedures.

8.3.76.2 **DENTAL INSURANCE:** Enrollment in a City dental insurance plan following loss of alternate coverage will become effective the first of the month following payment of two dental premiums through the City's payroll process. Re-enrollment in the dental insurance plan shall not be retroactive.

POA Proposal

HEALTHCARE DUAL COVERAGE

The City of San Jose and the POA entered into a Tentative Agreement on April 20, 2010. The parties mutually agree to amend the Tentative Agreement on the Healthcare Dual Coverage as follows:

8.1 Health Insurance Coverage

8.1.5 Effective January 1, 2011, an employee may not be simultaneously covered by City-provided medical benefits as a City employee, and as a dependent of another City employee.

8.2 Dental Plan

8.2.3 Effective January 1, 2011, an employee may not be simultaneously covered by City-provided dental benefits as a City employee, and as a dependent of another City employee.

ADDITIONAL RETIREMENT CONTRIBUTIONS

ONE-TIME ADDITIONAL RETIREMENT CONTRIBUTIONS

Effective June 27, 2010 through June 25, 2011, all employees represented by the POA will make an additional retirement contribution in the amount of 5.25% of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make for the pension unfunded liability, which is defined as all costs in both the regular retirement fund and the cost-of-living fund, except current service normal costs in those funds. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Police & Fire Department Retirement Board. The intent of this additional retirement contribution by employees is to reduce the City's required pension retirement contribution rate by a commensurate 5.25% of pensionable compensation, as illustrated below:

Police and Fire Department Retirement (Police) (Fiscal Year 2010-2011)			
	City	Employee	Total
Current Contribution Rates	44.58%	15.57%	60.15%
Contribution Rates With Additional Employee Contributions	39.33%	20.82%	60.15%

Note: Additional contributions made by employees do not affect the retiree healthcare rates

TREATMENT OF ADDITIONAL EMPLOYEE CONTRIBUTIONS

These contributions shall be treated in the same manner as any other employee contributions. Accordingly, the intent of these additional payments will be made on a pre-tax basis through payroll deductions pursuant to IRS Code Section 414(h)(2) and will be subject to withdrawal, return and redeposit in the same manner as any other employee contributions.

IMPLEMENTATION OF ADDITIONAL RETIREMENT CONTRIBUTIONS AND MISSED CONTRIBUTIONS

It is the intent of the parties that the employees pay the entire annual amount of the additional retirement contributions for the 2010-2011 Fiscal Year. Since the additional employee contributions will not be implemented by June 27, 2010, when the additional employee contributions are implemented in the City's payroll system the Finance Department will compute the rate that will generate the total amount of additional retirement contributions over the remaining pay periods in the fiscal year as if the contribution rate had been implemented on June 27, 2010.

POA Proposal

For example, if the additional contributions do not begin until August 22, 2010 (pay period #18) the additional employee contributions for each of the subsequent pay periods in the 2010-2011 Fiscal Year will be recalculated by the Finance Department so that 100% of the additional employee contributions are made by the end of the fiscal year.

The parties understand that in order to implement this provision, an amendment must be made to the Police & Fire Department Retirement Plan that requires an ordinance amending the San Jose Municipal Code. In addition, the parties understand that the City will request that the Police & Fire Department Retirement Board have its actuary confirm that an increase of the employee contribution will reduce the City's contribution rate by a commensurate amount.

CONTINGENCY PROVISION

In the event that the additional employee retirement contributions described above are not implemented for any reason by October 1, 2010, or the Police & Fire Department Retirement Board's actuary concludes that the City's contribution rate could not be reduced by a commensurate amount, the equivalent amount of total compensation shall be taken as a base pay reduction and will increase on a pro-rata basis over the remaining pay periods in the fiscal year to achieve the equivalent total compensation reduction.

In the event that the additional employee retirement contributions described above are ceased for any reason thereafter, or the Police & Fire Department Retirement Board's actuary concludes that the City's contribution rate could not be reduced by the commensurate amount after beginning such deductions, the equivalent amount of total compensation shall be taken as a base pay reduction.

POA Proposal

NO LAYOFFS DURING FISCAL YEAR 2010-2011

ARTICLE 1

1.2 Effective July 1, 2010 through June 30, 2011, there shall be no layoffs of positions represented by the POA. Although there shall be no layoffs during this period, the parties understand that the Fiscal Year 2010-2011 Budget includes the elimination of positions represented by the POA.

For purposes of this section, layoff shall be defined as involuntarily leaving City employment due to budget reductions.

Any positions restored through one-time savings will restore positions for Fiscal Year 2010-2011 only. These positions will be eliminated on June 30, 2011.

POA Proposal

UNIFORM ALLOWANCE

ARTICLE 9 UNIFORM ALLOWANCE

- ~~9.1 The City shall provide a uniform allowance in the amount of \$675.00 per calendar year included on an employee's regular payroll check. This amount will be prorated for employees who work less than a full year. For calendar year 2008, \$675 shall be paid in January 2009.~~
- 9.2 ~~Effective the first pay period of payroll calendar year 2009, E~~Employees shall receive a uniform allowance not to exceed \$675 annually. Payment shall be made during the first two pay periods of each month, in the amount of \$28.12 per biweekly pay period. If an eligible employee is on unpaid leave for a period of one (1) full pay period or more, the employee will not receive uniform allowance pay for that period. Effective September 5, 2010 through June 25, 2011, employees shall be ineligible to receive uniform allowance payments.
- 9.3 In the event new classifications are established during the term of this Agreement and assigned to Representation Units 011, 012 and 013 which consist solely of sworn personnel, such employees shall be paid an annual uniform allowance in accordance with the provisions of this Section.
- 9.4 The City agrees to pay the prorated cost of replacement or repair for uniforms damaged in the ordinary course of performance of regular job duties. Schedules adopted by the City for such reimbursement shall be kept reasonably current.



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: July 12, 2010

Approved

Date

7/16/10

COUNCIL DISTRICT: City-Wide
SNI: NA

SUBJECT: CONDUCT A PUBLIC HEARING ON SEWER SERVICE AND USE CHARGES AND STORM SEWER SERVICE CHARGES TO BE PLACED ON THE FISCAL YEAR 2010-2011 COUNTY ASSESSMENT ROLL

RECOMMENDATION

Hold a public hearing on the Sewer Service and Use Charges and Storm Sewer Service Charges report filed by the Director of Finance with the City Clerk's Office and adopt a resolution to approve the placement of recommended charges on the 2010-2011 Santa Clara County assessment roll, with such modifications as the City Council may make based on public hearing testimony.

OUTCOME

Conducting the public hearing and adopting the recommended resolution will allow the City of San Jose (City) to place Sewer Service and Use Charges and Storm Sewer Service Charges on the 2010-2011 Santa Clara County (County) assessment roll for the collection of approximately \$146 million in revenue to fund services related to the City's sanitary and storm systems.

BACKGROUND

On June 15, 2010 the City Council adopted Resolution #75421, which established Sewer Service and Use Charge rates and Storm Sewer Service Charge rates, effective July 1, 2010. In compliance with Proposition 218, public notices of these rates were mailed to San Jose property owners on April 26, 2010.

July 12, 2010

Subject: Conduct a Public Hearing on the Placement of Sewer Service and Use & Storm Sewer Charges on the FY 2010-2011 County Assessment Roll

Page 2

The collection of the majority of City Sewer Service and Use Charges and Storm Sewer Service Charges has been accomplished by placing the charges on the County assessment roll since 1960 and 1991, respectively. These charges appear as Item 800 on each property tax bill and are collected by the County Tax Collector. Under the Teeter Plan, the County will remit 100% of the billings placed on the assessment roll to the City in two payments (typically in January and June). The County's 0.3 percent administration fee will be deducted from the first payment to the City.

As outlined in San Jose Municipal Code Sections 15.12.550 and 15.16.1410, on or before July 5th of each year, the Director of Finance is directed to prepare and file with the City Clerk a written report containing a description of each and every parcel of real property receiving sanitary sewer service and storm sewer service, and the amount of the Sewer Service and Use Charges and Storm Sewer Service Charges for each parcel for the forthcoming fiscal year. However, on June 22, 2010, the City Council adopted Resolution #75469 to extend the filing date from July 5, 2010 to July 16, 2010 in order to accommodate the Integrated Billing System process and to allow staff the required time to provide the most complete and current sewer service charge listing to the County.

ANALYSIS

The Finance Director's report for Fiscal Year 2010-2011 was submitted to the City Clerk's Office on July 12, 2010. The report includes charges totaling approximately \$146 million and covers approximately 227,000 parcels. Pursuant to the Finance Director's recommendation, on June 22, 2010, the City Council approved setting a public hearing, which the City Clerk has scheduled for August 3, 2010 at 1:30 p.m., or as soon as the matter may be heard, in the City Hall Council Chambers. Public notices have been published in accordance with San Jose Municipal Code Sections 15.12.550 and 15.16.1430.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

HONORABLE MAYOR AND CITY COUNCIL

July 12, 2010

Subject: Conduct a Public Hearing on the Placement of Sewer Service and Use & Storm Sewer Charges on the FY 2010-2011 County Assessment Roll

Page 3

The City Clerk's Office will publish the notice of the time and place of the public hearing as required by San Jose Municipal Code 15.12.550 and 15.16.1430. In addition, this memorandum will be posted on the City's website for the August 3, 2010 Council agenda.

COORDINATION

This memo has been coordinated with the City Manager's Budget Office, the Environmental Services Department, the City Attorney's Office, and the City Clerk's Office.

COST SUMMARY/IMPLICATIONS

This action will result in Sewer Service and Use Charge revenue of approximately \$116 million and Storm Sewer Service Charge revenue of approximately \$30 million being placed on the County assessment roll. Revenue from these charges has been allocated by the City Council to various allowable City functions as part of the adoption of the 2010-2011 budget.

CEQA

Not a project, File No. PP10-069(a) City Organizational & Administrative Activities

/s/

SCOTT P. JOHNSON

Director, Finance Department

For questions, please contact Wendy Sollazzi, Revenue Management Division Manager, at (408) 535-7005.



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen
Jennifer A. Maguire

SUBJECT: MTC GRANTS FOR
TLC PROGRAM

DATE: 07-12-10

Approved

Date

7/20/10

COUNCIL DISTRICT: 3 & 6
SNI AREA: N/A

RECOMMENDATION

Approval of the following action to receive funding grants by the Metropolitan Transportation Commission (MTC) for the 2010 Transportation for Livable Communities (TLC) program in the amount of \$8,162,000 for three transportation improvement projects on San Fernando Street, The Alameda, and San Carlos Street.

- A. Adoption of a resolution authorizing the City Manager to negotiate and execute all documents necessary to effectuate the grants, including but not limited to submission of the grant applications for the three (3) projects to MTC for the 2010 TLC grant program, in the total amount of \$8,162,000, with \$6,529,800 of that amount reimbursable to the City as the three projects progress, and including a non-reimbursable local match of \$1,632,200.
- B. Adoption of a resolution authorizing the loan of \$1,351,000 from developer impact fees collected for the US101/Blossom Hill Interchange project to partially fund the local match of \$1,632,200 for two (2) projects to the MTC for the 2010 TLC grant projects and, among other conditions, to repay the US 101/Blossom Hill Interchange Reserve in full by 2012-2013 including interest payment at the City's pooled investment rate and to reserve as collateral for repayment of the US101/Blossom Hill Interchange funds in the Route 101/Tully Interchange which is a future City proposal to the VTA in the amount of \$6.0 million towards construction of the interchange.
- C. Adoption of the following Appropriation Ordinance amendments in the Building and Structure Construction Tax Fund:
 1. Establish an appropriation to the Department of Transportation for The Alameda – A Plan for the Beautiful Way project in the amount of \$845,000;
 2. Establish an appropriation to the Department of Transportation for the San Carlos Multimodal Streetscape Improvements – Phase II project in the amount of \$506,000; and

3. Decrease the Reserve – Route 101/Blossom Hill Interchange Improvements project by \$1,351,000.

D. Adoption of the following Appropriation Ordinance amendments in the Construction Excise Tax Fund:

1. Establish an appropriation to the Department of Transportation for the San Fernando Street Enhanced Bikeway and Pedestrian Access project in the amount of \$281,200; and
2. Decrease the Bicycle and Pedestrian Facilities project by \$281,200.

OUTCOME

City Council approval of the recommended actions will facilitate pedestrian and bicycle improvement projects valued at \$8,162,000. The projects support the City's goal to provide viable transportation choices.

BACKGROUND

The Metropolitan Transportation Commission (MTC) receives discretionary federal transportation funds from the Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ). MTC uses a portion of these funds for its Transportation for Livable Communities (TLC) Program. The purpose of the TLC Program is to support community-based transportation projects that bring new vibrancy to downtown areas, commercial cores, neighborhoods, and transit corridors, enhancing their amenities and ambiance and making them places where people want to live, work and visit. This is a reimbursable grant program and requires twenty percent (20%) local matching funds.

In January 2010, MTC issued the seventh TLC Call for Projects. In response, The Department of Transportation submitted the following three candidate transportation projects. Maps for the three projects are attached:

San Fernando Street Enhanced Bikeway and Pedestrian Access (\$1,406,000)

The project proposes improvements to the existing pedestrian and bicycle facilities along San Fernando Street between Cahill Street and 10th Street. The project will enhance pedestrian and bicycle accessibility to facilitate a safe and convenient walking and bicycling experience to and from public transit facilities. The project is the first installation of an enhanced Primary Bikeway Project as part of Bike Plan 2020. It will provide a better pedestrian and bicycle route to Diridon Station and Downtown San José land uses such as San José State University (SJSU), Downtown businesses, high density housing, and recreational facilities including trail connections along the corridor. The project will encourage pedestrian and bicycle mobility by providing accessible, safe, and comfortable connections between all these uses. The project scope includes enhanced color bike lanes, enhanced crosswalks, ADA ramps, energy efficient "smart" street lighting, and street trees. The total funding allocated for this project will be \$1,406,000;

however, \$281,200 is recommended to be appropriated as part of this memorandum and the remaining funding of \$1,124,800 will be appropriated at a later date.

The Alameda – A Plan for the Beautiful Way (\$4,226,000)

This project implements the first phase of the City's vision for the future of The Alameda a gateway to Downtown and Diridon Station. The adjacent community includes historic residential neighborhoods, local serving retail, and new higher-density infill development. The Alameda is also a major bus service route and attracts the VTA's highest ridership and is proposed to be future Bus Rapid Transit Corridor. This grant will complete the Town Center section of the project from Stockton Avenue to Fremont Street. The project proposes design recommendations that are intended to help enliven The Alameda as a retail center and multi-modal transportation corridor. Some of those design elements include enhanced pedestrian crosswalks, bulb-outs, ADA ramps, raised median with landscaping and pedestrian refuges, new lighting, and special elements such as gateway and neighborhood markers. The total funding allocated for this project will be \$4,226,000; however, \$845,000 is recommended to be appropriated as part of this memorandum and the remaining funding of \$3,381,000 will be appropriated at a later date.

San Carlos Multimodal Streetscape Improvements – Phase II (\$2,530,000)

This project encompasses pedestrian-oriented improvements along the south side of San Carlos Street between Second Street and Market Street to enhance pedestrian accessibility to public transit and that will link San José State University (SJSU) to the South First Street Area (SoFA) District and the Downtown Core. A Phase I project between Fourth Street and Second Street is already funded through a VTA grant program. The goal of the project is to encourage pedestrian mobility by providing accessible, safe, and comfortable connections between transit, businesses, housing and recreation and to enhance the vitality of the SJSU and Downtown Business District. The scope of the project includes narrowing the roadway width, widening the sidewalk, ADA ramps, energy efficient lighting, street trees, landscape & site furniture, electronic multimedia, directional/destination signage, information kiosks, banners, public art and traffic signal modifications. The total funding allocated for this project will be \$2,530,000; however, \$506,000 is recommended to be appropriated as part of this memorandum and the remaining funding of \$2,024,000 will be appropriated at a later date.

ANALYSIS

Recently, the City received notice from MTC all three transportation projects the City submitted are qualified to receive TLC funding. The selection of the projects valued at \$8,162,000 has been the City's most successful cycle ever for receiving TLC grants. If awarded by MTC, the total reimbursable grant amount of \$6,529,800 would come to the City through the 2010 TLC funding source. A local match of \$1,632,200 is required to obtain the grants.

Grant Matching Funds

As discussed as part of the annual budget process, the Traffic Capital Improvement Program (CIP) has limited funds for grant match opportunities. Due to budget limitations and to be able to receive these grants, the matching funds for these projects are proposed to be funded by a loan from the Route 101/Blossom Hill Interchange Reserve at an amount of \$1,351,000 to fund the Alameda – A Plan for the Beautiful Way project and the San Carlos Multimodal Streetscape Improvements – Phase II project, and by reducing the Bicycle and Pedestrian Facilities project by \$281,200 to fund the San Fernando Street Enhanced Bikeway and Pedestrian Access project. The Route 101/Blossom Hill Interchange Reserve consists of fair share contributions from development projects in the Route 101/Blossom Hill area for the partial reconstruction of the interchange. Unfortunately due to delays in development and availability of regional funding sources, the project is currently on hold and is not expected to begin design in the next few years. It is the intent that as part of future CIP's, the Route 101/Blossom Hill reserve would be reimbursed through other local discretionary sources prior to the development of any other new projects in the Traffic CIP. Repayment of the 101/Blossom Hill funds will require interest payments at the City's pooled interest rate and will be achieved through multiple sources including higher than anticipated revenue in 2009-2010 and expected savings of approximately \$450,000 - \$700,000 from current projects after the final fund reconciliation of the 2009-2010 Annual Report.

Although not expected, if the Route 101/Blossom Hill project is required to start work prior to reimbursement to the fund that work would be funded by funds currently programmed for the Route 101/Tully interchange construction. The Route 101/Tully interchange funding is a contribution of up to \$6,000,000 from the City of San José to the Valley Transportation Authority (VTA) for construction of the interchange. Although no formal agreement has been executed with VTA to determine the amount and schedule for the City's contribution, the City has communicated to VTA staff that \$1,351,000 of the possible \$6,000,000 will not be available for contribution until the Route/101 Blossom Hill loan has been repaid. The Route 101/Tully funded included in the CIP is as follows:

2010-11: \$500,000
2011-12: \$500,000
2012-13: \$2,000,000
2013-14: \$3,000,000

At this time, in order to borrow money from the Route 101/Blossom Hill developer in lieu fee account and loan it to these projects for matching funds, the Council needs to adopt a resolution authorizing the temporary transfer of funds, the detailed terms of the loan including interest rate on the loan and date of repayment, and specifying as a condition of the loan compliance with the reporting requirements for the loan pursuant to the Mitigation Fee Act (specifically, Government Code section 66006).

MTC Grant Agreements

In order to formally accept grant applications from the City, MTC needs the City Council to adopt the another resolution authorizing the City Manager, or designee, to execute and submit

the grant applications and negotiate and execute all grant documents necessary to effectuate the grants. Upon receiving the City Council's resolution and the City's grant application, MTC can obligate the funds through a Transportation Improvement Program (TIP) amendment. Attachment 2 to this memorandum is the resolution required by MTC.

As a condition of the grant, MTC requires the City to:

- Provide all funding at the time of award in a total amount of \$8,162,000, with \$6,529,800 of the project costs to be reimbursed to the City by MTC as the three projects progress and \$1,632,200 in non-reimbursable matching funds from the City.
- Create enhanced pedestrian, bicycle, and transit connects to adjacent land uses such as high density housing and business districts
- Encourage multimodal transportation
- Establish better connectivity to major activity centers

If funding is secured, funds would be used to accomplish the design and construction of the projects as described in the background section of the memo. Some of the key highlights include the design and construction of:

- Bicycle facilities such as enhanced bike lanes
- Landscaped median islands
- Pedestrian facilities including enhanced crosswalks and bulb-outs
- Signal modification to better accommodate pedestrians'
- Sidewalk and ADA curb ramp improvements

Additionally, Staff wishes to bring to the Council's attention the following additional grant requirements:

Requirement	Addressed in the following manner:
The City will complete the Projects as described in the grant application. The project requires both design and construction.	It is the intent of the City to complete the Projects. The City will manage both the design and construction of all three projects
City must execute the grant agreement within 30 days of award.	Staff will coordinate to execute the agreement within the deadline.
Project needs to have a completed E-76 request submitted to Caltrans by Sept. 2011 and the E-76 approved by Feb. 2012.	Staff estimates that E-76 should be completed by Aug. 2011
City is responsible for any increase in project cost.	City will address funding shortfall, if any, work to keep within budget through local funding and other grant sources. Staff will notify the City Council if additional funding beyond the allocated budget will be required due to unforeseen circumstances.
Where applicable, the City will comply with all applicable laws and regulations affecting	The Project design will be consistent with all known government regulations.

Requirement	Addressed in the following manner:
development projects, including, but not limited to, legal requirements for construction contracts, building codes, health and safety codes, and disabled access laws.	

EVALUATION AND FOLLOW-UP

As part of future budget processes, actions will be brought forward for repayment of the loan. Staff will report back to Council when the projects are ready for award of construction contracts in 2012. The TLC grant projects will be developed in coordination with City and community stakeholders.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

In accordance with Criterion 1, this memorandum will be posted on the City’s website for the August 3, 2010 Council agenda.

COORDINATION

Preparation of this report was coordinated with the City Attorney’s Office.

FISCAL/POLICY ALIGNMENT

The recommended action aligns with the Transportation and Aviation Services CSA Outcome related to providing viable transportation choices.

COST SUMMARY/IMPLICATIONS

The recommendations in this memo would initiate the process required for the MTC to release the grant funds to the City of San José in the amount of \$6,529,800. A local match in the amount of \$1,632,200 is required for the grants.

The matching funds for these projects will be funded by a loan from the Route 101/Blossom Hill Interchange Reserve appropriation at an amount of \$1,351,000 to fund the Alameda – A Plan for the Beautiful Way project and the San Carlos Multimodal Streetscape Improvements – Phase II project, and reduced funding from the Bicycle and Pedestrian Facilities project (\$281,200) will fund the San Fernando Street Enhanced Bikeway and Pedestrian Access project. Repayment of the loan may be achieved through multiple sources including higher than anticipated revenue in 2009-2010 and expected savings of approximately \$450,000 - \$700,000 in current projects after the final fund reconciliation of the 2009-2010 Annual Report. Also, staff has identified approximately \$400,000 in potential project savings in 2011-2012 and 2012-2013. Repayment of the 101/Blossom Hill funds will require interest payments at the City's pooled investment rate and based on preliminary review full repayment is expected to occur by 2012-2013.

The Route 101/Tully Interchange funding will serve as collateral for the proposed loan. The Route 101/Tully Interchange funding is budgeted as a contribution of up to \$6,000,000 from the City of San José to the Valley Transportation Authority (VTA) for construction of the interchange.

The total cost for all three grants is \$8,162,000. Since this is a monthly reimbursable grant the reimbursable expenditures for the project normally occur within the same fiscal year and provide a net zero result on the CIP.

The projects will not have a significant cumulative effect on ongoing maintenance and operating costs. All non-standard project elements such as landscaping will require separate operation and maintenance funds through a maintenance district or other similar mechanism. The implementation of new, more efficient streetlights will reduce ongoing energy costs.

BUDGET REFERENCE

The table below identifies the fund and appropriation for the proposed loan to fund the local match required for the grants as recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Loan	2010-2011 Proposed Capital Budget Page	Last Budget Action (Date,Ord.No.)
429	8233	Reserve – Route 101/Blossom Hill Interchange Improvements	\$1,750,000*	\$1,351,000	V - 704	06/29/2010, Ord.No. 28765

* These funds were rebudgeted as part of the Recommended Amendments to the 2010-2011 Proposed Operating and Capital Budgets Manager's Budget Addendum #47. The 2010-2011 Capital Budget and the implementing appropriation ordinance was approved by the City Council on June 29, 2010.

HONORABLE MAYOR AND CITY COUNCIL

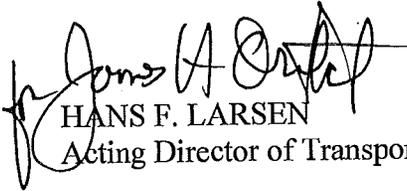
07-12-10

Subject: MTC Grants for TLC Program

Page 8

CEQA

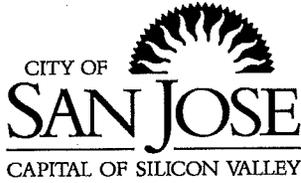
1. San Fernando Street Enhanced Bikeway and Pedestrian Access - Statement of Exemption, File No. PP10-124
2. The Alameda "A Plan for the Beautiful Way" - Statement of Exemption, File No. PP10-132
3. San Carlos Multimodal Streetscape Improvements - Re-use of the Downtown Strategy SEIR, Resolution No. 68839, File No. PP03-254


HANS F. LARSEN
Acting Director of Transportation


JENNIFER A. MAGUIRE
Budget Director

For questions please contact Manuel Pineda, Acting Deputy Director, at 975-3295.

Attachments



Memorandum

TO: HONORABLE MAYOR AND CITY
COUNCIL AND CITY OF SAN JOSE
FINANCING AUTHORITY BOARD

FROM: Scott P. Johnson
John Stufflebean

SUBJECT: SEE BELOW

DATE: July 12, 2010

Approved

Date

7/20/10

COUNCIL DISTRICT: N/A

SUBJECT: APPROVAL OF THE FINANCING STRUCTURE FOR THE ISSUANCE OF, AND THE POTENTIAL PROJECTS TO BE FINANCED BY, QUALIFIED ENERGY CONSERVATION BONDS

RECOMMENDATION

- (a) Adoption of a resolution of the City of San José City Council approving the financing structure for, and the potential projects to be financed by, the City of San José Financing Authority's issuance of Qualified Energy Conservation Bonds, in an aggregate principal amount not to exceed \$9,750,904.66, in connection with the financing of certain energy efficiency and renewable energy capital improvements of the City of San José, and declaring the City's intention to reimburse qualified project costs from bond proceeds.
- (b) Adoption of a resolution of the City of San José Financing Authority Board approving the financing structure for the issuance of Qualified Energy Conservation Bonds, in an aggregate principal amount not to exceed \$9,750,904.66, in connection with the financing of certain energy efficiency and renewable energy capital improvements of the City of San José.

OUTCOME

Approval of the recommendations will allow the City to retain \$9,750,904.66 in Qualified Energy Conservation Bonds tax credit allocation to finance energy efficiency and renewable energy capital improvements of certain City owned municipal facilities.

BACKGROUND

Overview

Qualified Energy Conservation Bonds ("QECBs") were initially authorized under the Energy Improvement and Extension Act of 2008 and the provisions were amended by the American Recovery and Reinvestment Tax Act of 2009. A total of \$3.2 billion is available for QECBs, which are tax credit bonds that can be used to finance government initiatives designed to reduce greenhouse gas emissions.

The City of San José (the "City") received \$9,750,904.66 in QECB allocation on July 22, 2009.

Type of Debt

As initially authorized, QECBs are tax credit bonds. On tax credit bonds, issuers repay principal on a regular schedule, but generally do not pay interest. Instead, the holder of a QECB receives a federal tax credit in lieu of interest. The tax credit may be applied against the bond holder's regular and alternative minimum tax liability. The tax credit amount is treated as taxable interest income to the holder of the bonds.

Qualified projects

One hundred percent (100%) of the available project proceeds of QECBs must be used for qualified conservation purposes, which include capital projects for the reduction of energy consumption in publicly-owned buildings by at least 20% and renewable energy facilities such as solar facilities.

Costs of Issuance

Costs of issuance to be paid from QECB proceeds are limited to 2% of the QECB proceeds. For the City, this is equal to approximately \$195,000.

Sinking Fund

A reserve/sinking fund is expected to be used to repay QECBs. The reserve is not subject to arbitrage limitations if (i) it is funded no faster than equal annual installments, (ii) it is funded such that it is not expected to exceed the amount necessary to repay the bonds, and (iii) it is invested at a yield no greater than the permitted sinking fund yield. The permitted sinking fund yield is set daily by Treasury. A reserve/sinking fund may not be financed with proceeds of the QECBs so the City would need to identify an alternative funding source for the reserve fund.

Maturity and Payments

Each month the U.S. Treasury sets the maximum maturity for QECBs priced during that month. There are no legal requirements relating to amortization of the QECBs. Payments can be structured by the issuer and the purchaser of the bonds. As an example, for the month of June 2010, the maximum maturity for QECBs is 17 years with a rate subsidy of 5.41%. With a lease revenue bond structure, the City may be required to pay off the bonds over a shorter period than 17 years. In theory, the QECB rate subsidy could provide an issuer with a 0% interest rate, but it is likely that purchasers will require a discount on the QECB or a supplemental interest payment

which would be payable by the issuer. Any supplemental interest earned on a QECCB is federally taxable to the bondholder.

Interest Rate Subsidy In-Lieu of Tax Credit

On March 18, 2010, President Obama signed into law the Hiring Incentives to Restore Employment Act (the "HIRE Act"), which, among other things, changes the rules for issuers of certain Qualified Tax Credit Bonds ("QTCBs") described in Section 54A of the Internal Revenue Code. The HIRE Act allows issuers of certain QTCBs to receive direct subsidy payments, not unlike those already available to issuers of Build America Bonds ("BABs") and Recovery Zone Economic Development Bonds. The HIRE Act permits these QTCB issuers to elect to receive the new direct subsidy payments, or to forego the direct subsidy payments and to permit holders of these QTCBs to receive tax credits as provided prior to passage of the HIRE Act.

Issuers of QECCBs and new clean renewable energy bonds can elect to receive direct subsidy payments equal to the lesser of (1) the amount of interest the issuer pays on each interest payment date; or (2) seventy percent (70%) of the amount of interest that would have been payable if such interest had accrued at the applicable credit rate under the tax credit option. These changes apply to bonds issued after March 18, 2010.

ANALYSIS

CDLAC Requirements

The California Debt Limit Allocation Committee ("CDLAC") was appointed as the program administrator for QECCBs in California. On April 19, 2010, CDLAC issued a Plan of Issuance Requirement and Guidelines for QECCBs which requires issuers to submit the following documentation to CDLAC no later than August 15, 2010 in order to retain the allocations awarded in July 2009:

- A resolution from the City Council approving the use of QECCBs for the list of potential projects;
- A legal memo from bond counsel which states that the QECCB projects that will potentially be funded will qualify under the federal guidelines; and
- Evidence of a minimum of "A" bond credit rating if the bonds are expected to be sold in a public offering or, a commitment letter from the credit enhancement provider or purchaser of the bonds in the case of a private placement.

Issuers who are unable to provide the above documentation by August 15, 2010 will lose their QECCBs allocation which will be returned to CDLAC and be subject to CDLAC's QECCBs reallocation process. To meet CDLAC's requirements the Council and Authority Board must each adopt a resolution approving the proposed financing structure and potential projects prior to August 15, 2010. Upon approval of the financing structure and scope of projects, staff will work with the City Attorney's Office to prepare all the required documentation for submission to CDLAC on or prior to August 15, 2010.

A description of the potential projects, financing structure and the financing schedule is summarized below.

Potential Projects

Staff is recommending Council approval of the list(s) of potential projects in Attachments 1 and 2 for funding through the QECBs. Attachment 1 contains the thirty-eight (38) priority-one sites identified for consideration in Solar Energy Request for Proposal (RFP 09-10-30). Attachment 2 contains sites with projects previously identified by staff for consideration for QECB funding. All of the projects/sites on both lists qualify as eligible projects for QECB financing under the Energy Improvement and Extension Act of 2008, as amended. However, further analysis related to the eligibility for financing through tax exempt lease revenue bonds, including private activity issues, will need to be performed for these potential projects.

The potential projects at these sites are currently undergoing further analysis that will help determine the projects that are best suited for QECB funding. Sites on Attachment 1 are being analyzed by the U.S. Dept. of Energy Solar America Cities (DOE-SAC) Technical Assistance Team to determine their solar feasibility and estimate their power production potential. Additional analysis will also be conducted to determine the impact of the potential California Solar Initiative rebate reductions, as proposed by the California Public Utilities Commission on July 9, 2010. The results from these analyses and the proposals received for the Solar Energy RFP will aid staff in determining which projects/sites to select for QECB funding. The Solar Energy RFP process is expected to be completed early in calendar year 2011.

Proposed Financing Structure

In connection with the issuance of the QECBs, the City and the City of San José Financing Authority (the "Authority") will enter into a lease agreement pursuant to which the City will lease the Project to the Authority, and the Authority will lease the Project back to the City. The Project will be financed through the issuance of QECBs by the Authority in the form of lease revenue bonds secured by and payable solely from the lease payments to be made by the City pursuant to the Project lease. The lease payments are expected to be paid in such amounts and on such dates as will enable the Authority to pay the principal of and interest on the QECBs when due and payable. The bonds are expected to be sold in a public offering.

The proposed resolution of the City Council also declares the City Council's intent to reimburse qualified project costs from tax-exempt bond proceeds for project expenses it has advanced and for expenses it may advance in the future.

Financing Schedule

The proposed financing schedule is summarized below.

Council approval of the financing structure and scope of project	August 3, 2010
Project scope refinement/feasibility analysis	Fall 2010
Solar Energy RFP Process	Winter 2011
Bond Issuance	Spring/Summer 2011

EVALUATION AND FOLLOW-UP

Although adoption of a resolution by the City Council and Authority approving the potential project list for financing from the QECB allocation by the City and the Authority, respectively, is recommended, it is important to note that completion of the additional analysis may lead staff to conclude that the QECBs should not be issued and/or new projects/sites may be identified for the QECBs. Upon completion of the project feasibility analysis, staff will return to Council and the Authority Board in spring or summer 2011 to report on the results of its analysis. Assuming issuance of the QECBs is feasible, staff will also obtain approval of the issuance of the QECBs upon completion of the project feasibility analysis.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This staff report has been prepared by the Finance Department and Environmental Services Department in coordination with the City Attorney's Office and City Manager's Office.

COST IMPLICATIONS

Costs associated with the QECB financing, to the extent permitted by law, will be paid from bond proceeds. As noted above, a funding source for (i) the reserve fund for the bonds and (ii) costs of issuance, if any, in excess of 2% of the principal amount of the bonds will need to be identified.

CEQA

Not a project – File No. PP10-067 Non-Project Specific Funding Mechanism.

/s/
JOHN STUFFLEBEAN
Director, Environmental Services
Department

/s/
SCOTT P. JOHNSON
Director, Finance Department
Treasurer, City of San José Financing Authority

For questions please contact Julia H. Cooper, Assistant Director of Finance at 408-535-7011.

Attachments

1. Priority 1 Solar Sites from RFP 091030
2. Previously Identified Sites Eligible for QECB Funding

July 12, 2010

Subject: City of San José Financing Authority Lease Revenue Bonds, Energy Projects

Page 7

Attachment 1 - Priority 1 Solar Sites from RFP 091030

Group 1: Facilities with Potential Generation Capacity of 0.5 MW or More

Facility Name	Site Address	PG&E Rate Schedule	Energy Use (kWh)	Roof Area (s.f.)	Parking Lot and other (s.f.)	Potential MW (red = DOE-SAC)	Potential Annual kwh
POLICE-POLICE ADMINISTRATION & COMMUNICATIONS BLDGS	201 WEST MISSION STREET/ 855 NORTH SAN PEDRO STREET SAN JOSE 95110	E20P	7,505,110	89,193	155,083	2.18	2,962,814
SANTA TERESA LIB - NEW	290 INTERNATIONAL CIR SAN JOSE 95119	N/A	275,442	22,000	90,743	0.90	1,218,636
KELLEY PARK	1300 SENTER RD SAN JOSE 95112	A1	477,774	N/A	7,157,135	0.83	1,123,350
SEVEN TREES CC & LIB- Under Construction	3590 CAS DR SAN JOSE 95111	N/A	589,390	29,000	58,000	0.69	940,380
SOUTH SERVICE YARD	4420 MONTEREY HWY SAN JOSE 95111	A1P	262,580	18,124	63,658	0.61	832,467
EDUCATIONAL PARK LIB - Under Construction	1772 EDUCATIONAL PARK DR., SAN JOSE 95133	N/A	253,731	18,000	50,452	0.54	739,896
POLICE SUBSTATION - Under Construction	6807 GREAT OAKS PARKWAY, SAN JOSE, CA 95119	N/A	1,356,000	1,156	61,722	0.50	679,646
			Total	10,720,026	177,473	6.25	8,497,190
						6.2	MW potential

Group 2: Facilities with Potential Generation Capacity of Less than 0.5 MW

Facility Name	Site Address	PG&E Rate Schedule	Energy Use (kWh)	Roof Area (s.f.)	Parking Lot and other (s.f.)	Potential MW	Potential Annual kwh
BASCOM CC & LIB- Under Construction	7000 S. BASCOM SAN JOSE 95128	N/A	408,045	20,000	37,940	0.46	626,272
ROOSEVELT CC	901 E SANTA CLARA ST SAN JOSE 95116	A10S	113,440	30,000	24,815	0.44	592,494
PRUSCH PARK	647 S. KING RD., SAN JOSE 95122	A10S	119,482	24,067	309,528	0.42	569,472
SOUTHSIDE SC	5585 COTTLE RD SAN JOSE 95123	A10S	328,343	23,771	27,306	0.37	506,497
PAL SPORTS CENTRE	680 SOUTH 34TH STREET, SAN JOSE CA 95116	E19SX	577,077	N/A	74,200	0.34	463,914
BERRYESSA CC	3050 BERRYESSA RD SAN JOSE 95132	A10S	264,204	13,700	62,404	0.30	403,039
PEARL LIB	4270 PEARL AVE SAN JOSE 95136	A1P	135,981	14,000	20,900	0.28	377,233
VINELAND LIB	1450 BLOSSOM HILL RD SAN JOSE 95118	A10S	335,113	24,000	20,000	0.26	354,458
BERRYESSA NEW LIB	3355 NOBLE AVE # A SAN JOSE 95132	A10S	461,351	26,000	22,000	0.26	353,259
EDENVALE CC - Under Construction	330 BRANHAM LANE E SAN JOSE 95111	N/A	185,146	24,204	7,030	0.25	337,607
JOYCE ELLINGTON LIB	491 E EMPIRE ST SAN JOSE 95112	A1P	176,760	15,000	12,757	0.22	300,025
EDENVALE LIB	101 BRANHAM LN. EAST SAN JOSE 95111	A10S	374,960	11,000	16,442	0.22	296,620
TULLY LIB	880 TULLY ROAD SAN JOSE 95111	A10S	445,559	24,000	47,500	0.22	298,680

HONORABLE MAYOR AND CITY COUNCIL AND CITY OF SAN JOSE FINANCING AUTHORITY BOARD

July 12, 2010

Subject: City of San José Financing Authority Lease Revenue Bonds, Energy Projects

Page 8

ALUM ROCK LIB	3090 ALUM ROCK AVE SAN JOSE 95127	A10S	452,632	26,000	20,000	0.20	272,891
ANIMAL CARE CENTER	2750 MONTEREY HWY SAN JOSE 95111	E19SX	1,135,817	46,857	17,608	0.18	251,000
WEST VALLEY LIB	1243 SAN TOMAS AQUINO RD SAN JOSE 95117	A10S	268,172	20,123	22,000	0.15	202,119
CAMBRIAN LIB	1780 HILLSDALE AVE SAN JOSE 95124	A10S	357,712	27,000	25,482	0.15	202,419
MUNI OFFICE	3025 TUERS RD SAN JOSE 95121	A10S	204,798	6,457	40,000	0.14	191,623
E SJ CARNEGIE LIB	1102 E SANTA CLARA ST SAN JOSE 95116	A10S	115,488	11,658	5,580	0.14	186,325
HILLVIEW NEW LIB	1600 HOPKINS DR SAN JOSE 95122	A10S	355,247	21,000	30,500	0.13	170,632
STABLES-POLICE BRIEFING	2525 KENOGA DRIVE SAN JOSE 95121	E19SV	67,710	N/A	17,565	0.12	157,760
WILLOW GLEN LIB	1157 MINNESOTA AVE SAN JOSE 95125	A1P	97,181	13,000	0	0.10	140,517
ALVISO LIB & CC	5050 N 1ST ST ALVISO 95002	A10S	119,012	5,850	14,000	0.09	120,852
WEST SJ CC & POLICING CTR	3707 WILLIAMS RD SAN JOSE 95117	A10S	119,078	5,171	7,320	0.04	52,479
GUADALUPE RIVER PARK	W JULIAN 100' WEST OF GUADALUPE RIVER SAN JOSE 95110	A1	77,232	6,000	5,227,200	0.03	38,984
Total			7,295,538	438,858	6,110,077	5.49	7,467,170
						5.5	MW potential

Group 3: Facilities Not Eligible for Site Leases of More than 3 Years

Facility Name	Site Address	PG&E Rate Schedule	Energy Use (kWh)	Roof Area (s.f.)	Parking Lot and other (s.f.)	Potential MW	Potential Annual kwh
CAMDEN CC	3369 UNION AVE SAN JOSE 95124	A10S	465,149	42,000	178,058	0.60	821,971
ALMADEN CC & LIB	6445 CAMDEN AVE SAN JOSE 95120	A10SX	947,937	32,575	42,158	0.44	594,662
WILLOW CC & SC	2175 LINCOLN AVE SAN JOSE 95125	A1P	175,634	14,715	46,293	0.30	408,137
EVERGREEN CC	4860 SAN FELIPE RD SAN JOSE 95135	A10S	270,303	13,000	37,000	0.29	399,932
MAYFAIR CC	2039 KAMMERER AVE SAN JOSE 95116	A10S	53,195	27,303	5,950	0.26	359,431
Total			2,243,211	151,093	339,459	2.13	2,898,706
						2.1	MW potential

13.9 TOTAL MW Potential

July 12, 2010

Subject: City of San José Financing Authority Lease Revenue Bonds, Energy Projects

Page 9

Attachment 2 - Previously Identified Sites Eligible for QECB Funding

Project Description	Est. Project Cost	Qualifying Project Type	Timeline for all local actions/ approvals	Local approvals obtained to date	Anticipated Construction Start Date
<p>1. Environmental Innovation Center Solar System (HHW only)</p> <p>105 kW Solar installation on roof and parking lot at Environmental Innovation Center</p> <p>Savings: Solar estimated to generate 157,350 kWh (annual output) or an estimated 30% of the site's electrical load</p>	\$2,124,388	Qualified facilities under Section 54D(f)(1)(A)(iv) and Section 45(d)(iv) of the Internal Revenue Code of 1986	Prior to June 2011	None	After July 2011
<p>2. Energy-efficiency at Environmental Innovation (HHW only)</p> <p>Energy-efficiency improvements including 18 skylights, LED task lighting, daylighting controls, integrated office lighting system, bi-level smart LED bollard, low glare wall pack, air flow and measurement controls, insulation, energy-saving windows</p> <p>Savings: About 32% reduction in energy usage</p>	\$349,100	20% reduction in building energy consumption	Prior to June 2011	None	After July 2011
<p>3. Police Substation Solar System</p> <p>499.7 kW Solar installation on Main Roof/ Main Roof East and parking lot of the Police Substation</p> <p>Savings: TBD</p>	\$2,998,440	Qualified facilities under Section 54D(f)(1)(A)(iv) and Section 45(d)(iv) of the Internal Revenue Code of 1986	Prior to June 2011	None	After July 2011
<p>4. Police Administration Building Solar System</p> <p>151.2 kW Solar installation on roof and parking lot of Police Administration Building</p> <p>Savings: TBD</p>	\$907,200	Qualified facilities under Section 54D(f)(1)(A)(iv) and Section 45(d)(iv) of the Internal Revenue Code of 1986	Prior to June 2011	None	After July 2011
<p>5. Police Communications Buildings Solar System</p> <p>87 kW Solar installation on parking lot of Police Communications Buildings</p> <p>Savings: TBD</p>	\$522,000	Qualified facilities under Section 54D(f)(1)(A)(iv) and Section 45(d)(iv) of the Internal Revenue Code of 1986	Prior to June 2011	None	After July 2011
<p>6. Convention Center Solar System</p> <p>496.5 kW Solar installation on roof at Convention Center</p> <p>Savings: Solar would generate 8% of site's electrical load (\$83,600 savings)</p>	\$2,979,000	Qualified facilities under Section 54D(f)(1)(A)(iv) and Section 45(d)(iv) of the Internal Revenue Code of 1986	Prior to June 2011	None	After July 2011
<p>7. Convention Center Lighting retrofit</p> <p>Savings: 724,200 kWh (\$90,000); about 1% of energy usage</p>	\$750,000	20% reduction in building energy consumption (when bundled with EIC)	Prior to June 2011	None	After July 2011
<p>8. Yerba Buena Pump Station Solar System</p> <p>504 kW Solar installation on the Yerba Buena pump station and land</p> <p>Savings: 70% or 40-50% of site's electrical load</p>	\$3,024,000	Qualified facilities under Section 54D(f)(1)(A)(iv) and Section 45(d)(iv) of the Internal Revenue Code of 1986	Prior to June 2011	None	After July 2011
TOTAL PROJECTS	\$13,654,128				