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City of San José budget study session.

>> Mayor Reed: Good morning, I'd like to get the City Council study session on capital budgets started. We've got scheduled for three hours this morning. Three hours tomorrow. I don't want to waste any of this. We do have a quorum. We had a quorum. Yes, we do have a quorum. And there are a few other councilmembers in the back, and they'll be with us shortly. I believe we're going to start with the overview, capital budget and that will be Ed Shikada.

>> Ed Shikada: Yes, thank you, Mr. Mayor, members of the City Council, Ed Shikada, deputy City Manager. I'll give you a brief overview of the capital improvement program. We'll have ample opportunity to go through the specific city service areas. Hopefully I'll whet your appetite over away you'll see over the next few days. Just on what's ahead, let me get organized. I haven't seen this equipment before, I'm sorry. There we go. Thank you. Terms of looking back first, at our decade of investment, give us a perspective on how the upcoming CIP relates to work that's been done since the year 2000. We are, to focus your attention on the top line cumulative figures. Approaching 1300 completed projects expected over the next year cumulatively since the year 2000. Over the upcoming year slightly over 100 projection are expected to be complete. This will be somewhat of a decrease over our first few years. We'll talk a little bit more specifically about what goes into those figures. At the same time I would note that some of our most challenging projects are the ones that are at the tail end of the bond program. Next, in terms of projects completions, this slide gives you a sense of where the volume of projects has been. It's not directly correlated to the dollars involved with each of them but just from an overall activity standpoint, you can see how the transportation and aviation city service area has been the largest area of activity and projects, many of our SNI and traffic calming projects are included there as well as clearly the biggest program of all, in aviation. Neighborhood services, specifically related to parks, also very high volume. Now, to put the CIP in perspective to the overall resource allocation that the City Council's discussing operating as well as capital, the capital portion of the overall fund allocation is shown in the light blue portion, piece of the pie, roughly a quarter of the overall capital -- overall budget that the City Council will be reviewing. This slide gives you a thumbnail of the city service areas shown in bold, as well as the individual programs within each city service area. The old hats, councilmembers who have been through this before, just to give you a sense of the method used to organize the programs within the CIP. Now, to give you a historical comparison and the -- also just by way of orientation on this graph, this is an overlapping five year look ahead so you can see each one of the bars represent the five-year CIP. So there's some overlap on year to year going forward. It also can be a little bit misleading, because every year, as we talk about the proposed CIP, there is a reconciliation that happens after year-end to account for carryovers or also known as the rebudget, thank you. So nonetheless, as we're looking at the 2009-2013 CIP, this will represent a reduction in total dollars from the programs that we've had over the last few years. Next, also looking at a five-year perspective, five-year upcoming on the capital improvement program, this does represent the transition that we're seeing and expecting in the years past versus the upcoming years with the completion of the bond program. This pie in particular both in terms of what it shows and what is not here in comparison to prior years, as you see, the largest slice of this pie being the transfers, which represent our utility funds, storm, sanitary and water utilities, as well as the airport funds, where there are transfers from the airport enterprise to the capital improvement program, really representing a major portion of our upcoming capital program. Second, that the taxes and fees representing our construction and conveyance tax, construction fees and related sources make up a significant portion but in comparison, how the sale of bonds has now shrunk to just 1% representing completion of our general obligation bond program. Then in terms of use of fund, five-year looking forward, construction 57%. The next largest area would be in the nonconstruction area which represents program management, other costs that are not directly related to the construction project, such as studies, master plans and the like. In terms of uses of the funds. This drills it down from the five-year perspective down to a one-year budget that's before the City Council. The proportions, relative proportions by city service area, lay out how over the upcoming year the funds will be allocated. This will be helpful as we get into the specific CSAs in terms of giving you a sense of how we might spend our time as we spend our funds. Just to hit on some of the key themes you'll hear going through the individual city service areas with some of the details to follow, a continuation of the airport modernization project being a key area for the capital program, completion of the bond programs as I mentioned earlier, and we'll get into the particulars next. The green vision and public art programs will continue maintaining and in the case of public art, revising the methodology in ways consistent with the public art master plan, together with some other key themes we'll be hitting on throughout the presentation. To speak for a

moment about the bond programs, as I mentioned over the five-year period we do see effectively the completion of each of the programs. This slide gives you a perspective on the work ahead, as shown in each library, parks, and Public Safety, we've got between 32 and \$37 million yet to award, from each of the programs, and also, showing the contingency reserve levels. Clearly, as shown here on the library bond program, being in the best position in terms of having 7% contingency reserve left, overall we've made significant progress over the past year and that progress has been aided by a softening of the construction market. Also want to touch on the General Fund, O&M impact of the capital improvement program. This slide which we do show every year looks an additional year out, this is not '08-'09, it's '09 '10. With each of the years of capital improvement program shown in the propped budget we can then look another year out on the likely expected operating and maintenance impacts. As shown here, roughly -- a lion's share or roughly about 70% of the total represents library cost with completion of the branch libraries. We, in prior year, had already allocated what was the other major component which is the fire, operating and staffing costs. And just to be clear, this graph, the bars are cumulative, so they do represent a total from year to year. In terms of performance measures, this bar gives you a report of in terms of schedule, budget and quality of the budget, the lion's share of the capital improvement program continues to be done very well, and the organization has performed very well, in the delivery of this program. At the same time I'll note as I stated at the beginning of the presentation that some of our most difficult projects are currently in the works. So we will continue our diligence in maintaining these standards. And finally, looking forward, to the completion of the bond program, some of the key factors that we are already engaged with, and Public Works clearly having the lead on resource planning, on how we plan for the transition, completion of the bond programs, and ramping up in some of the utility works, that resource planning continues to be a key area. The asset management, and I should distinguish really here, this is asset management systems, as well as painting existing infrastructure, a tie to our ongoing discussion of the infrastructure backlog. And some of the ongoing work there, the asset management systems in particular where we've identified areas in virtually all of the city service areas either have existing or are in process of establishing asset management systems that will support preventive maintenance as opposed to after the fact repairs. And with that Mr. Mayor, members of the council, that completes the overview and I'm ready for any questions.

>> Mayor Reed: At this point I don't think we have any questions on the overview -- whoops, Councilmember Pyle.

>> Councilmember Pyle: Could you go back to I call it the mountain slide, it shows the projects before '08 and then after. Pain it was in the book that I saw it. I'm sorry. I thought it was here. Looks more like a little mountain. Well, let me describe it. Basically, it showed a lot of activity up until this year, and then it's going to kind of level out. I'm wondering, what kind of an impact that will have on jobs?

>> Katy Allen: Councilmember Pyle, Katy Allen, Public Works director. We know a little what that looks like. I will say this year and next year we will be very busy because so many projects will be under construction. We are just as busy in the next two years as we are today. But what's changing is, once you get to the latter part of 2010, 2011, we don't think that the volume of work is going to be anywhere near where it is today. So there is going to be a change. And we are looking at it in several ways. One is that resource planning effort. We know our attrition rate is high. Thanks to HR, they've kind of helped us assess the number of people that we have that are going to be retiring. In addition, we're coordinating with ESD and a variety of other departments, so that the individuals that have helped deliver this decade of investment, those talents and skills will be used in the future for the organization.

>> Councilmember Pyle: Great.

>> Katy Allen: We have some great project managers that got I will say out of the normal project experience and working on a variety of great projects and we don't want to waste the investment on our employees. And also holding out on vacancies, we have a number of vacancies, we have the work and the funding to fill them but we don't think that's really smart right now. We want to fill the right positions but we don't want to be in the position of having staff that we won't need in the future. It's kind of a variety of things. It's kind of a large response or a complicated response. But I want to say it's a variety of things. It's not going to be one thing.

>> Councilmember Pyle: So there will be other jobs that will come along more from the developer community that perhaps will help make up the difference?

>> Katy Allen: That's correct.

>> Councilmember Pyle: Especially as we attract more jobs, corporations, what have you, they will need sites to build, or change, or alter, or what have you. So hopefully that will be where it's picked up. Thank you.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. I'm just a little bit concerned about your comment on slide 13, where the on-time performance is 75%, and levels do really, really well. You know, I'm very proud of my five years in the various school boards where we have many school projects that we completed on time and on budget. 100%. So I know that school projects is probably much, much smaller scale than the city projects. But do you have a goal to have the higher than 75% on-time performance, and 85% on the budget?

>> Ed Shikada: Thank you, Councilmember Chu. We do have a performance measure that we track and report to the council that represents 85% as our target for on-time performance. So while I would stand behind that the organization does very well with respect to schedule, the fact of the matter is we are below where we would like to be. So we do endeavor on an ongoing basis to make that up. At the same time, I think it is in recognition of the complexity of many of the projects that we're currently into, and many of which require real estate acquisition as well as permitting from a number of other regulatory agencies that reflect the challenges ahead. But we are on it, and we are committed to continue the -- to strive to make that even better.

>> Councilmember Chu: Thank you. Nice to hear that.

>> Mayor Reed: Okay. I think that's it. Questions on the overview. Councilmember Liccardo.

>> Councilmember Liccardo: I'm sorry, mayor.

>> Mayor Reed: That's okay.

>> Councilmember Liccardo: One sort of overview-type question, Ed, I understand that we've got about \$100 million in bond projects between libraries, parks, and Public Safety, that vice president yet been allocated. And I know that there have been conversation about the possibility of deferring the initiation and construction of some of those projects, given, A, the drain on our General Fund which we know is really a major constraint for us right now that we're wrestling with, and secondly, given the cost of financing those bonds, once that money's allocated and put into play. My question is, has there been some -- and I understand the countervailing concern is the escalation and construction cost, those might escalate faster than discount rate. My question is, has there been an analysis to evaluate what rate should these construction costs have to rise to justify our decision to go forward sooner rather than deferring a couple of years on some of these projects that might be discretionary?

>> Katy Allen: Councilmember Liccardo, you are asking a question, it is not a perfect science. What we're finding, I think you've heard it before, the residential contractors are moving into public sector work. It's getting very, very competitive. Even though materials are going up, they're willing to bid projects at cost, or very little profit, to keep their employees employed. There is also that element as well. What I will say is we have more work to do. Actually Dave Sykes, he may want to come down and add to anything I'm going to say. But what we're doing is looking at the capital program in its entirety and we're weighing in all the variables. Unfortunately some of those variables are out of our control and it would just be our best estimate as to what would be the impacts of a deferral. So we're doing that right now. We have a lot more work to do, and because of your question, and I think an interest by all of council, what we'll need to do by the end of 2009, have a better assessment of what a deferral would look like. It does require a lot of work and as I said, there are a lot of moving pieces.

>> Councilmember Liccardo: Thanks, Katy, I want to congratulate you and your team on the extraordinary amount of work that's been done already over a thousand projects and great success, thank you.

>> Mayor Reed: Any other questions on the overview section? We'll go into the Community and Economic Development section. We have Community and Economic Development and environmental utilities services and neighborhood services all to cover this morning.

>> Katy Allen: Let me turn on my microphone. Good morning. This is a very small capital program. It's called our Community and Economic Development. It is funded by developers and by utilities. It's approximately \$5.8 million in the coming fiscal year, and then \$13 million in the five-year CIP. Tim Borden manages and his staff oversees this capital program so I will ask him to go over the goals, the accomplishments and some of our strategies.

>> Thank you, Katy. Again, Tim Borden, deputy director of Public Works. This is the smallest program so I'll try and run through it quickly. Underground utility program, five-year work plan was just brought to you

two weeks ago so it is a affirm fresh program going forward. Improve aesthetics and pedestrian mobility. We have had some accomplishments you might have seed recent, Guadalupe gardens and Saratoga Keiley. Pretty pleased with those. Momentum where seven projects are actually in design, three of them, the three of them there, will be going out to construction this summer. Key priorities is to keep momentum going. We've gotten a lot of good cooperation recently with the utility companies, mainly PG&E. So it's to keep that moving, continue that close communication, address delivery issues quickly so we can address issues and keep that momentum going and maintain our delivery schedule. In terms of the in lieu fee program we did on Monday, you saw in the fees and charges document, an increase to that fee. That is to be cost recovery with the actual construction cost that's taking us to build our underground projects right now. And it also, we will be coming forward in the next couple of weeks with some revisions to that ordinance that allows us additional flexibility to get underground projects moving forward even quicker. One is the reimbursement to developers if there's a large site, and it makes sense for the developer to underground utilities, then this will allow us to reimburse them from any money we have collected from other developments in the area. It will also allow for an automatic fee adjustment, so the fee adjustments aren't large and sporadic but gradual and less impact to the development community. The other program in developer assisted is the residential tax credit program. This is simply an ordinance that allows us to reimburse residential developers for improvements that they make to major collector and arterial streets. So again it's to enhance the aesthetics, for median islands, pavement rehabilitation and to remove bottleneck that the may be adjacent to their development. It does allow us to pay them back for some of those improvements. The program's goals is to really pay as funds are available. So it's not that when developers build these improvements that they won't get paid, but it is on an as-available basis. But our goal is to reimburse them as quickly as possible. Several projects that are coming forward next year that we will expect to be reimbursing developers for. Communications hill, dairy hill and flickinger hill. An example of a project that will be reimbursed on flickinger. Median island landscaping, a large portion of what we have been or will be reimbursing for in the near future is areas where that median island landscaping is to be maintained by a maintenance district. This is taking over an asset without the maintenance which is a good situation to be in. But a typical builder-built street improvements will be maintained by the city, that's mostly the pavement work. And that concludes the presentation. Be happy to take any questions you might have.

>> Mayor Reed: Questions on this little sliver of the capital program? Councilmember Oliverio.

>> Councilmember Oliverio: On the in-lieu fees that the developer doesn't want to underground the utility, what's generally the circumstance that they would want to avoid it? I mean because at the end of the day we have to do it at some point if they're paying us in lieu, trying to get the cost recovery, is it 100% of our cost if we have to underground it three or four years from now or something?

>> That's what it anticipates. It is the cost getting larger scale project, where we're getting economy of scale, not the patch work of little frontages that may come in with development. It's doing larger projects and then taking -- the fee relates to half of what it costs us to do a linear foot of undergrounding if you will. So rather than just taking the side of the street where the utilities happen to be on, it's collecting from both sides of the street. So the in lieu fee is basically half of what it would typically cost to do an underground project.

>> Councilmember Oliverio: Okay, thank you.

>> Mayor Reed: Councilmember Nguyen.

>> Councilmember Nguyen: Thank you. A similar question. We are adjusting the fee to -- in hope that you know, it's 100% cost recovery. I was just wondering, simple questions, why couldn't we increase radio little bit more to help with the deficit that we have?

>> Let's see, I -- we try and -- I mean at 100% of cost recovery of the program is the goal. I guess that's something, Katy, you want to --

>> Katy Allen: Councilmember Nguyen, I think what happens is, our goal is that they actually do the work. We would rather that they underground it, rather than giving us the dollars to do it in our program. And if we made the fee higher than that, and that's kind of what I hear you saying, that might drive that more. There's really a nexus, really, we can't collect more than it actually cost us. And so what we've done, I think it's going to council next week, is we've taken the in-lieu fee amount and we've put into it a CPI related to construction. So every year we will have cost recovery. Not to go too far back, but in early 2000, construction was getting ahead of us, developers were giving us money, because it was cheaper than doing the work. We don't want to get into that situation again. We don't want to collect more than it cost so that's how the fee is structured.

>> Councilmember Nguyen: Thank you.

>> Mayor Reed: Councilmember Williams.

>> Councilmember Williams: Thank you, Mr. Mayor. I know we're encourage undergrounding all of the city as much as possible. What about, you know, the latest commitment we -- or the latest permission we gave to AT&T where they have these huge boxes where they have their equipment for lightspeed? So are they planning for the future to eventually underground those? Any commitment from them to do that? Because they are very big, and not very attractive.

>> Correct. No, there is no commitment at this point to come in and underground those in the future. Currently, those are under the size or the threshold that is allowed in our municipal code for above-ground cabinets. So they don't exceed that maximum size. While we were working with AT&T on that program, we were putting a lot of pressure on them, as well as other areas of the state, to look at undergrounding. You know, I think the argument that they pose, that seem to be agreeable, was the underground infrastructure requirement, and all the venting and everything that would go with putting those underground, may be as big of an impact, maybe not as visual but would take up a lot of underground space where we have a lot of other commitments for utilities. There are issues for putting it underground. I think the technology is there but certainly cost and other factors moved into that decision. But currently, there are no commitments for them to underground those.

>> Councilmember Williams: Well, you know, technology is going to change, and we know that it's going to change. And these huge boxes that are existing today won't be needed in the future. And as we look at the economy of scale of the technology as we move through the future, they should be--we should be on them to really reconsider that, and as the scale becomes underground-able in the sense of the packaging, that they would be responsible.

We're doing it now. We're doing it over time, 20 years or more, 30 years. I mean, it's a goal that we have. And I think we ought to go back to them and get them to sign up to help us achieve the kinds of things that we want to have for the city. And I know they just always want to have their way. I mean, you know, they -- we don't have -- they went to the legislature to allow them to disregard what we want here in the city to install their lightspeed here in the city. We don't have any real control over that. Now we don't have any control over their littering us around the city with these huge boxes. So I think we ought to go back to them and see what we can do to get them to come with us to help us to make our city a little better than have these huge monstrosities sitting around on the street.

>> Katy Allen: Councilmember Williams, I want to make two comments that are very much along the lines of your concerns. First is a recognition of PG&E. I can tell you several years ago they would never entertain the discussion of an underground cabinet and today they are. So they're more -- very accommodating to our concerns about make our pedestrian corridors cabinet-free, if you will. And I just would be remiss if I didn't acknowledge their effort in trying to underground cabinets more often than not. And then the other point is that I know the project lightspeed cabinets are large and they're not attractive. But what AT&T is doing is putting them around the corner so they're not in front of someone's home or on a major thoroughfare. It's not as good as undergrounding it. I recognize the technology part has a way to go. But what we're trying to do is make them less in your face, especially for our walking community.

>> Councilmember Williams: I want them on board in the future, too. If we don't ask them, if we don't stay with them, they're not going to voluntarily do it. I appreciate everything you do to accommodate the community but they need to step up. It seems that we -- they just want to do what they want to do. And we're left with the complaints and the concerns that people raise. And I think that we should sit back with them and try to get them to move forward to help us in the future to reduce those, as technology allows it to happen. I'll meet with them. I'll be glad to. Thank you.

>> Mayor Reed: Councilmember Pyle.

>> Councilmember Pyle: I just wanted to congratulate your department on the fact that you are working on underground. What a difference that makes in our city! I think it adds a beauty that is really incredible. And I see those ugly boxes as Forrest is talking about as an opportunity for art projects in schools. Now, everybody loves kids' drawings. And there are some very artistic children out there, that I would love to turn loose. There's a bench on Lincoln avenue that is decorated very nicely, bright and colorful, everybody notices it. It adds cheer to everybody's day. I think that's something we could think about for these. Thank you.

>> Mayor Reed: Councilmember Chirco.

>> Councilmember Chirco: I really wanted to add on to what Councilmember Williams said. I think one of the reasons that you're in -- you were very gracious in calling out how PG&E is working to try and underground these before they hadn't. And as much as I respect PG&E for the great corporate citizen they are, let's be honest and say they would not have been as agreeable had there not been a lot of tension within the community about the size of the boxes. One of the things that really concerns me is consistently they are the target for graffiti. It's just, I mean, it just seems to be a blank slate that every graffiti artist wants to hit. So I just really want to continue the pressure to get those boxes underground. They are not a nice addition to our neighborhoods. I realize the service is what we want. But there's got to be a way in this high-technical capital of the world to deliver the service without having that size of box, and just to partner with Nancy, I think that might be a good strategy in our public areas, but not necessarily in our residential areas. Because you know, it's like one man's medicine is another man's poison. Art is sometimes different depending who is doing the viewing of it. So I just wanted to kind of reinforce what Councilmember Williams said. Thank you.

>> Mayor Reed: Councilmember Oliverio.

>> Councilmember Oliverio: I just wanted to jump in on Councilmember Pyle's and Chirco's comments. When I see those boxes they are subject to tagging on a consistent basis. I guess I would ask the City Manager what direction would you go if you wanted to at minimum apply public safety messages or art to boxes on major arterials? For example, when you J walk on City Hall to Lee's sandwiches, there is a sign that says don't J-walk, right, there are things that are untaggable.

>> City Manager Figone: I was just thinking of that when the discussion was going on. I don't have the right answer necessarily, but as we look at this, I'm thinking of the VTA buses. They've got the screen, which is, you know, really kind of a silk screen method of getting artwork onto the buses. You could rely on some quality, and maybe something that is lower maintenance and kind of stays fresh-looking over time. So we could explore ideas like that as a way to apply both aesthetically pleasing but maybe also useful information on the larger boxes.

>> Councilmember Oliverio: If you want to take a step further, I don't know what the comfortability of this is, but maybe someone wants to pay for a Gator-ade ad or whatever it might be, we are feeling it's acceptable on bus stops.

>> City Manager Figone: A consideration of not drawing so much attention to the boxes that they become, you know, really prominent. I think there needs to be both considerations.

>> Councilmember Oliverio: Understand. But I think it becomes pretty prominent when it's tagged. One way or the other, it's prominent, thank you.

>> Katy Allen: Mayor, if I could add on the tagging, on their permit they're required to respond and take care of the tagging within 48 hours. We will pass on the tagging to the utilities because there is a commitment in their permit for a 48-hour cleaning.

>> Councilmember Oliverio: Katy Allen, just understand, if citizens call in graffiti to code enforcement and if they identify it's a utility box, then does code enforcement call you just for a work flow?

>> Yeah, they should. It's actually in our municipal code, that 48-hour requirement. So we work with the -- we issue the utility permits, we work with the utilities, so if there is the tagging we'll respond and make sure that they take care of that.

>> Councilmember Oliverio: Thank you.

>> Mayor Reed: Councilmember Williams.

>> Councilmember Williams: This is another maintenance question. The boxes that are out in the community today, you know, the telephone services, the cable services, a lot of the boxes are very old, and they're rusting out, someone has crushed into them and they're leaning. Not very attractive, also tagging, et cetera. How do we -- is it a complaint process by which they respond, or do they automatically do it, do they check, do they have a maintenance schedule? Because I'm tempted to just go to the neighborhood and just take pictures, and send them, and ask them to correct these things. Because they just -- no one's ever seemed to care about them. And they're in pretty bad shape now.

>> I would assume that if the utility is functioning, that it probably would be complaint basis for that type of disrepair. So we'll be happy to get your ideas on any of those locations and work with utilities for repairs or replacement.

>> Councilmember Williams: Okay, thank you. I'll just bring some pictures. I'll get some just to you. Thank you.

>> Mayor Reed: Any other question on this little piece of the big pie? Okay. Let's move to the next section. Which is environmental utilities services, I believe.

>> John Stufflebean: Good morning, John Stufflebean, director of environmental services. We have a brief presentation in three part. Katy Allen, one pardon, Evani, and Monsur Nasser will present the environmental. Katy.

>> Ed Shikada: I think we need to have senior staff training on this new model. Trying to figure it out.

>> Katy Allen: Excuse me, I wanted to make sure I had the slides that correspond with our presentation. So our storm system is really that system that conveys storm water from where it falls to the plant. Three things are connected to our storm system that I want to highlight. First is, our system is getting older and older every year. So we need to invest in preserving our pumps and pipes. We have focused our program, our capital program on neighborhoods. Many times the ponding, the nuisance complaints that are being driven are things that can be fixed. We work closely with D.O.T. to identify what is happening, and where the priorities should be, and then finally using GIS we want to be able to work smarter. It's not just -- it's connecting the issue to a location. And GIS has been a great asset for us in prioritizing our work. I want to go just really quickly through some of the projects we have. Pump rehab and neighborhood projects, this is a couple of examples of projects that have been underway. The one on your level is the Albany Kiely storm project that went in last year. Dent avenue is a result of some of the ponding that was occurring. Issues and strategy, we do have limited funding. There is dollars that everyone pays, that individuals pay, we have increased that rate. I think John's going to be covering that later in the presentation. But on the connection side, we have not increased it, we have the lowest connection fee in the Bay Area. We are looking at adjusting that as well. Ongoing rehab and neighborhood improvements continue to be our focus. I mentioned GIS and the fact that we use mapping. Where are the calls coming from, how often, and is that where we need to put our efforts on the operation side or the capital side. Major investments in the coming year I wanted to focus on some of the pump rehab work that is going on in the Alviso area, continued investment in the neighborhoods, area wide projects and then also some GIS updates. The picture on your right is our largest pump station. It's in North San José, that's the oak mead pump station. And our mechanical engineer wanted me to put it up here. It was installed over 25 years ago, so we're going to do some investment on it. Now I'm going to be talking about our sanitary sewer program. This is the program that we don't like to talk about. We certainly don't want it to not work. Again, keeping our pumps and pipe working, having the capacity for economic development, as infill occurs, capacity in certain areas of town is increased, and so we want to make sure that we have capacity. Also, we don't want backups, and that's an area that we are focused on in our capital program. So I've mentioned the economic development, also master planning. As we intensify throughout, and you know, mid San José as well as North San José, having that capacity, neighborhood focus, want to recognize the agency, partnering with them. We've addressed seven different neighborhoods that had recurring backups and we were able to fix problems, install cleanouts, et cetera. And then also addressing our deferred maintenance and deferred backlog. We do have about a \$250 million backlog but \$121 million of that is addressed in this capital program. And then development that we've identified contributes about 60 to \$63,000 depending on timing. So though we have a backlog of work to do, there's also, if we keep our connection and rates, and at a point where we can collect enough dollars to keep our system running. I'm not going to spend a lot of time on the accomplishments, but we have reduced the number of backlog or excuse me backups that have occurred. But I would like to spend a minute talking about technology. Generally we don't think of technology when it comes to sewers. But I wanted to mention a project down in the Donner Conoas area. We had a very large pipe, it wasn't working well or smelling well. We used sonar to find out where it was blocked. We used a sewer hog. Without replacing the peep, we were able to get back the capacity and address the odor. This is good news and a smart way to do our work. Again our capital program in the coming year is reducing capacity and working on I and I. Our system, I'm not going to repeat myself, we've covered this. Rate increase goes to fund our sanitary program, part of it. I'll turn it over to John Bavani.

>> And now for the water pollution control plant program. This year has been a year of significant accomplishments for the plan. As most of you are aware, we have embarked in a master plan process we anticipate to complete by 2011. We have also completed a significant investment with the head works project, \$80 million investment as well. We are finally getting out of the gaseous program for the disinfection. We have made significant progress with improving the reliability of the plant, reduce redundancy and replace corroded plumbing. Key priorities continue to be Public Health and environmental protection with an eye towards economic development. We have a major emphasis on energy projects as well, while taking care of what we have with an eye towards long range planning. The formalization of the City's green vision further emphasizes these priorities. So the proposed CIP in front of

you is a \$220 million investment into a construction project. The largest category of which is in our electrical systems. And these are projects that are mainly aimed at upgrading our substations, motor control centers, switch gear, cables and generators. The next category is in the rehabilitation of the digesters. Five of our 16 digesters are currently out of service due to corrosion related issues and these projects are aimed at upgrading those digesters and also reconfiguring them to maximize production out of them. We have over 50 miles of appliance that are 80 inches or larger, some have corrosion issues and are leaking. We have thousands of valves that have corrosion and are difficult to operate and maintain. Concrete and steel is the main element of construction of the structures of the plant such as clarifiers and tanks are exhibiting age related corrosion issues and degradation because they've been operating in these corrosive environments for over 50 years. So we have several projects that address the concrete rehabilitation, we have concrete assets at the plant such as pumps, pipes, gates, and we also have a significant amount of investment going towards replacing this equipment. Again, our long term strategies and priorities include a focus on long term emphasis. The plant master plan is going to address the long term infrastructure needs while incorporating new technologies, green infrastructure and lays the foundation for strategies at the the plant. 15% for this upcoming year and a proposed 15% for the next year. The long term infrastructure needs will be addressed through the planned master planning process. And with that I'll turn it over to mansur to talk about master planning.

>> John Stufflebean: Redundancy is a good thing in this case. If we don't have power in about 20 minutes they'll have sewage on the ground. So it is absolutely imperative that we have power all the time. All of our systems need to have power all the time so if something goes wrong you still have up and down.

>> Good morning. In addition to continuing to invest and adding new customers, we are now currently investing in our major facilities. We have a project underway that cost \$4 million to upgrade a pump station and add generators in the events we have power outage we will be able to continue to supply recycled water. We are also continuing to invest in system upgrades. The key issues we are facing is funding the expansion of recycled water. We are also looking at enhancing the reliability of the system, as more and more customers, industrial customers, are added to the system. And we're also looking at enhancing the water quality so we can add new customers to the system and finally we're looking at supporting the intensification project in north San José. Our key priorities are to continue to expand recycled water system, also will meet the green vision goals. We currently have 550 customers on the system. And we have in the pipeline about 117 new customers that will be added over the next 18 months. One major customer is the Santa Clara server farm that will be using 500,000 gallons per day for cooling purposes. In the summer we produce about 14.5 million gallons per day. So that's a major customer. We're also working with the water district on advanced water treatment. Our strategy is to continue to improve the reliability of the system, leverage private investment, working with San José water company, or even Great Oaks water company, and developers, to establish fees and expand the system, and also, working on grants with the state and the federal government and the district for expansion of recycled water systems. On the potable side, the San José municipal water system, we currently have about \$2.2 million underway in the Evergreen service area. We replace force with main. We replace Norwood avenue pump station and we just completed yesterday villa vista pump station, that extends the life for another 40 years. We performed seismic retrofitting on several of our reservoirs. Our key issues is continue to invest in system security, add alarm system, enclosures, fencing and able to remotely monitor our facilities. We're also looking at accelerating a project on north first street, adding 4500 -- replacing 4500 feet of an 18-inch Tacite main. Our major investments for the coming year is to spend about \$1.5 million to replace the main on north first street. We're also looking at investing another \$750,000 to connect Nortec parkway to south of 237 and also completing a hydraulic modeling, that gives us an idea of where we have bolt necks in the system so we can look where we should be investing funds in the future. Our strategy is to continue to minimize unplanned service interruptions. In other words we want to avoid main breaks whenever we can. We are looking at extending the useful life of our system, and finally to meet our growing demand on our water and also be able to meet fire demands, which is very critical. John.

>> John Stufflebean: Okay. So in summary, in terms of infrastructure, our water utility infrastructure is in very good shape. Our storm sewer and sanitary system infrastructure needs a lot of work. But this capital improvement program will be a major step towards dealing with the infrastructure issues. So now we'd be glad to answer any questions you have.

>> Mayor Reed: All right so now we'll take questions on any of these presentations. Councilmember Pyle.

>> Councilmember Pyle: Mayor, can you get back to me? I forgot what I was going to ask. I'll know in a few minutes.

>> Mayor Reed: Councilmember Chu.

>> Councilmember Chu: Thank you, mayor. In the walker capital programs and the priorities, is there anything we have in terms of expanding the purple pipes, the recycling water? I'm looking at your chart, slide 25 and 26. The key priorities, I would like to ask you, if there's any plan or -- is that a priority for you to extend the purple pipes for the recycling water?

>> If I understand, Councilmember Chu, the question is, where do we plan to extend the purple pipe?

>> Councilmember Chu: Are we going to allocate some money to expand the purple pipes, is that a priority?

>> We currently have some funds inside the water recycling to extend some purple pipe. But for example, just to give you an example, the flea market is a major project that we plan to extend recycled water to it. From the current -- where the pipe currently exists to the flea market is about 3,000 feet. We don't have funding in the recycled water system to fund that extension. But we are working with the developers to extend portion of it. We're also work with San José water company to see if they're interested, because that's their service area, whether they would be interested in partnering on this extension. We'll also be looking at grant money to extend from the state and the federal government. The challenge here, and the way I understand it is, we cannot use plant money now for water supply purposes extension. So our challenge is, who can we work with to extend recycled water for water supply purposes.

>> John Stufflebean: And I think the general answer to the question is that we are looking for developers, mostly, to extend the purple pipes and we are working with them on that. As mansur mentioned, we have a lot of customers coming to us the last year who wanted to expand the current system. We approximate built the system through city funds but now we feel the developers should pay for the extensions. We will be coming to council soon with our proposal for additional funding for the long term future of how we're going to continue to expand the system, working with -- working with the water district and the water utilities. So we are very interested in extending the system. As mansur said though, currently the amount of money -- the original system was built with plant money. We can't go very much further with that because it's turned into less of a diversion system, more of a water supply system.

>> Councilmember Chu: I'm glad to hear that. I definitely can't help you much where to locate that money, I think, but the budget setting sessions I think is very good opportunity to -- for us to set our priorities, you know, and I would like to see that expanding the recycled water as a priority for your department. And also, on the water pollution control plant, again, it's not that I have the money for you. But I'd like to see that we put a priority to reduce the energy dependency of that water pollution control plant.

>> John Stufflebean: Yes, thank you. And we have a lot of initiatives going on for that very end. First of all, to decrease the energy that we use, we've talked several times over the years about some things that have been done. The plant currently uses, I think the latest number is 27% less energy than it used in 1999. We have done a lot of things. There are a number of ideas like the project that is helping us do that. So we're looking at both those areas.

>> Councilmember Chu: I understand that would be -- still consume 70% of all the energy that you use in any -- all public facilities in the city. So again, I just want you to use the budget time to emphasize the priority of reduce energy dependency of that water treatment plant.

>> John Stufflebean: Thank you.

>> Mayor Reed: Back to Councilmember Pyle.

>> Councilmember Pyle: I got my memory back, thank you. Throughout all the talks we've had in the budget in reference to any kind of capital improvement, cement seems to be a problem, the cost of cement. Are we encouraging people to start a cement factory here? It would seem to me that would be a great way to have instant audiences.

>> John Stufflebean: Within limits, not that I know of.

>> Councilmember Pyle: Well, I'll start doing that.

>> Katy Allen: I want to weigh in a little on cement. We're looking at concrete that uses fly ash, that is more environmental friendly. We have demonstration projects that we are lining up. What we don't have in the Bay Area is a demand for this kind of concrete. But there are plants that do make it and we're

encouraging them to do that more. So that's part of our demonstration project. It is also part of our green initiatives to use fly ash.

>> Councilmember Pyle: Great. I want to give you big kudos for the work you've done Katy on chateau drive. I realize there is a phase 2 but the neighbors have been absolutely glowing in their praise. So thank you very much for that. I wanted to talk about the fee raises. It's slide 6 of the storm sewer system. And you mentioned there that the -- I'm sorry, it's slide -- yeah, it is slide 6, that the fees had not been increased in 20 years. Why is that? Why would we wait 20 years?

>> Katy Allen: Councilmember Pyle I remember there's two fees. There's the rate that you pay every year and then there's the connection fee. And as to why it hasn't increased, because I think at the time, we had so much development going on, development was paying for the expansion of the system. As we know, it was actually the homeowners that had already connected that we weren't going to be driving a lot more revenue from. So the infrastructure was being built by the new connections, and the people that really needed the capital improvements had already connected. So if that makes sense, we just didn't feel that raising the connection fee was, you know, at the point timely. But we do feel that we need to catch up and that that connection fee needs to be increased. And I also should mention, water quality regulations are changing very quickly. And we are going to really, taking in a lot of interest in the quality of water that runs off of property. Along those lines, there is regulatory impacts to our staff in ensure that water quality and storm runoff is being properly managed according to standards on the construction side. So we are looking at those demands on our resources as well.

>> Councilmember Pyle: So how much of a fee is anticipated?

>> Katy Allen: We are right now doing an assessment. We have \$450,000 in this year's budget to do that rate analysis. So we would, next year at this time, be coming back with what a connection fee could be.

>> Councilmember Pyle: I'm sorry, I'm going to get this straight. That's almost half a million dollars to figure out what the rate should be?

>> Katy Allen: It's a fee rate but it's also an assessment of our overall system demand. It's not just a fee rate but it's also the capital work that needs to be done.

>> Councilmember Pyle: So the fee increase would produce what kind of dollars?

>> Katy Allen: Right now, we don't have that information.

>> Councilmember Pyle: You don't know, right, okay. You know, whenever times are tight, we start looking around for extra moneys and then we start at raising fees. And I just wondered how, it would be good to know how exorbitant this would be. Thank you.

>> Mayor Reed: Councilmember Constant.

>> Councilmember Constant: Thank you, mayor. I think it's important every time we go through the budget that we make sure we emphasize the unmet needs. I was wondering if you could give us as close to a good, round number as you can, as to what our deferred infrastructure maintenance is, backlog, as it refers to these projects we've just discussed or these areas we've just discussed, and any improvements that are necessary, so kind of the total bill that we have outstanding, and then after that amount, what is -- how much of that are we addressing in this current budget?

>> John Stufflebean: Sure, I'll start with the -- on the terms of water utility. We're pretty much caught up so the deferred infrastructure is really not an issue. We have been keeping up over the years. With respect to the water pollution control facility, I think we reported in the past that our first estimate of that is about \$1 billion in terms of the total needs out there. This current -- this CIP addresses about 25% of that, about \$250 million. And as we work through the master plan over the next two and a half years we will refine the remainder of the need and also develop funding strategies for covering the other \$750 million of need or whatever it turns out. It may be slightly different than that after we get refined in the master plan.

>> Katy Allen: I'm going to start with the sanitary program, the backlog is \$250 million and in this CIP we have \$121 million. We have identified capacity improvements that will be triggered by development that progresses and that contribution from the development community would be about \$63 million. That would be on the capacity side. If these are removed from the backlog then we'd be looking at \$160 million because the numbers change as projects come and go. So that's about the order of magnitude of the sanitary backlog. I will mention the fee increase that council recently approved will help draw that down, as well. On the storm side, and Councilmember Pyle, first I need to correct, the \$450,000 is not for the assessment study, that was for another project. So I appreciate you -- or it is, yes, approximately \$200,000. But it's still a lot of money. And it's to do the analysis and also the assessment. On the storm system, we are spending about \$5 million in our five-year CIP, roughly, a million dollars a year. Our

backlog is in the 13.5, partial funding, let's see -- I'm sorry. Let me start over. On our storm system, we need to do more work. But primarily right now what we've identified is \$13.5 million of construction that's funded in this current program. What we have not completed is an assessment of the dollars. And that's part of the fee analysis that will be done.

>> Councilmember Constant: Okay, so just rough math, a little over 1.25 billion in works that needs to be done and we're addressing about \$375 million of it. I just want us to always keep that context. It's a huge number, and we're taking small bites. Thanks.

>> Mayor Reed: Councilmember Williams.

>> Councilmember Williams: Yes, thank you, Mr. Mayor. I had a question on the pump motors, as they're the biggest consumer of power. And when when you're looking at new motors, replace those motors or have them refurbished, what are you going to do, get new ones and how they stack up against power usage, I mean, they reduce the usage, et cetera, to give us a view of the new motors and how they're going to help us reduce the power needs.

>> I'm going to answer for the water pollution control plant. Yes, we do have several large motors here. The example picture that you have on that, is the new motors we put in as part of the new head works project and they are energy efficient. And we actually not only designed them to be energy efficient, we tapped into the savings by design project by PG&E, and we got back rebates from them for designing energy efficient motors and incorporating them into our site.

>> Councilmember Williams: That's great.

>> Thank you. I'll let Mike O'Connell answer.

>> Mike O'Connell. Six diesel motors, for oak mead pump station, the whole diesel generation industry has advanced over the last 25 years. And so we are working with a consultant that's familiar with pump sizing and selection and we are going to select the greenest technology available for that replacement, without the complete year of haul of the entire pump station. The new pumps will be more efficient, put less particulate into the air and add to the efficiency of that pump station. One thing unusual of that pump station, it is not dependent on PG&E for power. In the event of a power failure, that pump station is a stand-alone station.

>> Councilmember Williams: Are you able to use the power generated at the plant to provide those, if necessary?

>> No, there's no connection between the generation capacity of the plant.

>> Councilmember Williams: One other. Have you booked those savings that you're talking about now, I mean, have you sort of taken advantage as you put your budget together, have you taken advantage of the PG&E rebate, and all of the energy improvements that you were paying here, you've reduced it down to this level, that comes off the top, did that reduce the 1.4 billion or is that -- you've included all that in the 1.4?

>> John Stufflebean: Yes, that's all included. Any money we save at the plant, that gives us more money to do additional projects in the future.

>> Councilmember Williams: Okay. Finally, there's a public art question, I see there for next year, you're scheduled to spend about \$331,000 in art. For public art. That's your contribution to that. Now, where are you placing the art? Where is it going to be? Is that bioswales and all those other good things or is it real art?

>> John Stufflebean: That hasn't been decided. We're working with -- they won't let me decide what art is, so we're letting the art experts decide what art is and where it should be. But what we have said is? It has to be related to the environmental issues. If it is art related to the plant, it has to be art that showcases or somehow points to the direction or sends the message about environmental issues. We were not anticipating the art program until this year but we're really excited about how that can draw some attention to those issues.

>> Councilmember Williams: Well, I've got a place for you to consider. Because the original intent at the police substation was to have a bioswale for runoff. So that it would percolate back into the ground and keep -- it wouldn't go into the storm drains and all of that. So I would just suggest that you know, somehow, that the arts director and see away we could do to help accomplish that. We could do both an art project as well as emphasize arts. And connection to art. And clean water back into the environment. And I love it! Finally on the sewer line, is this the one from Blossom Hill, it saves the Edenvale connection. Is that the Brunell to Blossom Hill connection? It's on page V-29. Edenvale sanitary sewer supplement, phase VA to VB. Is that the one from Bernell to Blossom Hill?

>> It runs down Monterey, crosses the track into Edenvale West. So it's right now in the budget shown in two phases.

>> Councilmember Williams: Okay, two face. Now, it says that you've got it budgeted for 2008-2009. Are you going to start this cycle next, you know, 2008-2009?

>> We are completing the design and modifying the design based on some lessons learned from the last microtunneling project that we were undertaking. And the phase 5A, the first phase down Monterey, we're trying to expedite that with the microtunneling to limit the damage or the impacts to the traveling roadway to the center just south of Blossom Hill. We are trying to get out of the way so that road can be resurfaced.

>> Councilmember Williams: I was getting to that. I love you, I love you. So D.O.T. and you are together on that, so that when you're through, they can come in and do the resurfacing?

>> Yes. And we're aware of the recurring discussions about landscaping those median islands, and any opportunities that our project has to put in irrigation crossovers and any of the pavement that's been disturbed.

>> Councilmember Williams: Thank you very much. Thank you. Thank you, Mr. Mayor.

>> Mayor Reed: Any other questions on environmental and utility services? Okay. We'll move to the next section, which is neighborhood services. This section will cover capital programs for libraries, parks and community services.

>> Jane Light: Good morning, Mr. Mayor and members of the City Council. I'm Jane Light and I'm joined by Albert Balagso and Matt Cano. To present the capital program budget for the next year and the capital improvement program for the next five years. The library has been very busy, we had a wonderful grand opening for the Edenvale branch lobby, a neighborhood that has never had a library before, last November and on June 28th, we'll be opening the new Joyce Ellington branch library. And this summer we will be opening both Willow Glen and Provenance library. Santa Teresa's groundbreaking was held on January 12th and both projects started construction in February. You'll be awarding a contract for the Seven Trees joint use facilities next week, and the bids are out right now for a Bascom library and community center, and we hope to have you award that in June. And then construction would start in the summer, with ground breakings on both before your summer recess. In addition to the projects under construction, or in the bid and award phase for the library, we have two projects in design phase, the Calabazas and educational libraries. The issues for our library CIP that in terms of the bond projects, particularly, and then we'll talk about some other issues shortly, are looking at the increased construction and construction administration cost for the East San José Carnegie branch library. That library is 100 years old. It's our only Carnegie library. And as we suspected and somewhat feared as we began construction, we found that there are some problems with the restored portion and the rebuilding of that that were not evident until really began construction. So in that case, we are in this budget we'll be using up -- we'll be using some of our contingency for that project but we are recognizing we may have to increase that contingency as the project goes along. It was not entirely unanticipated that a 100 year old building without any plans that had been kind of untouched for 100 years would have some of these issues. We're also increasing in this budget some dollars for the Calabazas branch library to make sure that we have construction and administration now that we've added to include a community room, that takes us over the 10,000 square foot amount and we're going to do a LEED certified level so we're adding some dollars in this budget for that. And we are being able to do that because of some estimated interest earnings that had not been recognized earlier and some project savings and some projects we have been able to close out. As we discussed a week or so ago, site selection for the southeast branch library and south Evergreen are continuing with the Evergreen valley college and recently we learned that there will be another possibility in that generality area, and Public Works real estate well be pursuing that to see if that's a viable option for us. Some of the -- the last few years we've talked a lot about bond projects. But as both begin to wind down, some of the other ways the library uses capital dollars are something we need to be talking a little more about. The library receives a share of the construction and conveyance taxes, and we receive no dollars in the General Fund for library materials. So the entire library materials budget is a capital expense and comes either from C&C dollars or the library parcel tax. The library parcel tax pays for not only some of those materials but a considerable chunk of the library's budget currently. About 41 staff are paid from that source. The cost of those 41 staff members every year escalate greater than the 3% cap of the library parcel tax. So as we project our cost, our revenue out, we see that each year, there's less left to pay for library materials and technology. Because a greater share is going to pay for those staff members. Consequently as we look ahead, we do have some concerns about

the library materials budget. Our library materials budget next year will be \$4 per capita. That is lower than most of the other libraries in our area. Does require as we open more areas in are operating more branches than we ever have in the past it makes it difficult for us to provide the materials people are asking for and wanting. Of course we continue to look at our future operating and maintenance costs. Our branch master plan calls for us moving operations and staff around as operations are built. We are going from 17 branch libraries to what ultimately will be 23 in just a few years. And so the ability to shepherd people around comes to an end. And in some Ed Shikada covered in some degree. We do see in the CIP some of the operating and maintenance cost for the actual six libraries. But the additional funding for support staff to serve these additional facilities such as delivery drivers, I.T. support staff, et cetera, will be proposed in future budgets. And major investments and highlights for us include depending on the successful acquisition of a site, the last built will begin this year, we anticipate ending with our bond projects, and we then face deferred maintenance issues, the west valley project which was not a bond project is five years old and biblioteca becomes eight years old this year. In addition, the CIP looks at money we set a side during the time things were going well, we set aside money to buy new materials for those six net new libraries, and those funds are now beginning to be spent. And we also likewise set aside money for furniture, fixtures and equipment. So the budget office in the library prudently identified that the real estate market would not always stay so great, and we established reserves which are now going to see us through to the completion for these projects. We've also set up a reserve for emerging technologies. In the event that we can find technology that will save money on how we handle materials in our back room, we have a small amount of money to implement some of those technologies. And now, Albert is going to talk about the parks CIP.

>> Albert Balagso: Thank you Jane, and good morning. We have been equally busy in the Parks, Recreation, and Neighborhood Services projects as well. I will show you some of the projects we have been doing. Master plans are the foundation of us beginning our capital projects and they have enabled us to proceed with -- to the next steps. As a result, Alma community center is now under construction, the Cahill park tot lot is under design, and new parks are being designed at Fleming, newhall and west Evergreen. This is an example of some of the new diversity of amenities that the city has been putting up in the last several years. This makes four skate parks that we now have operating in the city. We have two under construction at this current time, one at Mayfair and one at Roosevelt which will be opening in the coming year, I believe, close to it. But this is in addition to the skate parks, we have also in recent years opened the BMX park which is another special amenity. We have added water features, dog parks and the dog parks we have also innovated, done some innovation with artificial turf which makes it less maintenance and dog friendly. We've also added artificial sports fields which were dedicated last weekend, and we've got new community centers and the innovation we're doing is the joint ventures within the libraries and the community centers. So we've done many things that are moving us towards addressing the greater diverse needs of the City of San José. In the next slide here, Fowler creek park, I can't remember the last time we opened a 13-acre park in one day. So we're looking at the opportunities to gather more land. We are working now with Hitachi development, to add an additional combined 17 acres hopefully opening in the next year that they will be doing in a turnkey development with us. Horseshoe facility which was long coming to find a home for the displaced horseshoe club from the previous construction of Los Lagos golf course. Making sure that they're safe for our children, those what are many families come to our parks to enjoy. The -- in the last year we opened over eight miles of trails to the residents of San José. This brings us to the nearly 50 miles, to be more precise, about 47 that is open to the public. And that brings us about half of the way to our green vision goal of 100 miles. The good news is that we've got -- we're half-way there. The tough part of that is that those are the easy part, miles of trails. We all know that trails are not easy projects and the more difficult ones are ahead of us. In one of the most significant ones, I just wanted to point out, as we work towards the future, is the day that ecan connect the Los Gatos creek to the downtown. Los Gatos creek trail is the most used trail in the valley, connecting that to our downtown will bring more people through the downtown and the ability to go all the way to the bay. The largest project in our bond program is the happy hollow park and zoo which is now under construction. It is scheduled to close this July and will reopen in September of '09. Though this project is underway, there are two more pieces that need to be awarded, which are the ridge project which came in significantly over budget, as well and we also need to bid out the parking lot, which will be the two pieces that complete the project. I would like to call out that there was an additional \$2.5 million from the bond reserve which is in the CIP as we are going to need to look at bridging the gap, as we reengineer these two pieces of the project to bring them within budget. The Seven Trees project joint

venture project with the library will be brought to the council at the next week, along with other projects currently under construction, scheduled to open later this year. That leaves us with the Bascom project that we will be bringing forward to council next month. That will put all of our projects out to bid, in the bond program for all our community centers, which puts us well underway for measure P. The -- when we meet with your offices in the fall to go over the strategies and develop the capital program, we always come forward with key priorities of how we proceed with the budget. And we've always looked at trying to complete existing projects. And the second two bullets of the infrastructure backlog and health and safety was looking at all the capital maintenance that's necessary to sustain our parks and recreation system. Everything from turf renovations to playground changeouts, to the things that are necessary to make them green, healthy and safe. In addition, we completed the aquatics master plan in the last year, and advancing the green print as well. One of the priorities that we looked forward to is to ensure that we're advancing the capital program consistent with existing council approved policies. So the green buildings funding, we have continued to put forward, as well as the other elements of the green vision, and ADA accessibility. Our C&C ending fund balance is extremely low. Bringing forward the happy hollow projects required significant extra funding to bring that project in. An additional \$11 million was necessary to bring forward in order to advance that project. The other impact to the citywide C&C was the netting at Los Lagos project, currently \$2 million, that is under way, up and running. We do have a need on the horizon in that the family camp update is being worked on, with the -- rather the lease with the forestry service, and it's necessary for us to do a new master plan, so we have set aside \$50,000 to start with. We estimate that this may be as high as \$250,000 but we are still working with the forestry service to work on the scope of exactly what's going to be required there. The infrastructure backlog in the bond program, we were able to address half of our playgrounds and renovate those. New buildings, and community centers, enable us to really put a -- make a great impact on advancing our infrastructure. However, the parks are alive and learning from the lessons of our swimming pools. We want to ensure that we just don't get a practice of changing owl. The car requires other maintenance. So we need to make sure that we continue this practice in the future, so in the budget we're maintaining the \$200,000 from each council district to address these need in the future. Watson park, we are finalizing the master plan and continuing with the design and construction documents to break ground in the spring of 2009. The existing fundings are sufficient to to the remediation, and we're looking at additional funding, having discussions regarding potential use of park trust, to add the park amenities in. And we'll be discussing that further, both in this week, as well as having a meeting with the community next week, to discuss the priorities of what amenities we should be adding back. And the -- as I mentioned earlier, we will at the end of this year we will put out to bid all of the community center projects in the bond. That leaves us with the sports complexes and two trail projects to complete. The trail projects design is underway. And I am pleased to announce, and I don't know the results yet, but this morning president Don Kassing is in Long Beach, addressing the California university Board of Trustees, regarding a sports complex in south campus. So we are working on that and should everything, all the planets align, we will be returning to council asking your authority to do the same. We are also working with the east side union high school district to bring forward an MOU to the City Council and their Board of Education regarding a second sports complex that potentially the independence high school, as well as access to other sports facilities throughout the school district, as well. And we're hopeful to bring that forward in June. I'd like to jump to the next slide, with the breakdown of our C&C. As you can see, we've gotten a lot done, and many projects moving forward. However, the reality is that we have diminishing revenues in our program ahead of us, particularly in C&C. The -- currently, I'll give you a quick view of the pie chart before you, and the new facilities, as you can see, it's 19% there. But half of that was bridging the gap of existing bond projects to brings to projects forward. So really only about 10% went towards new projects. The 15% slice towards maintenance is up there and staffing at 8. The 14% in reserves, the majority of that is the funds that were set aside by each council district for the aquatics reserves as a result of the approval of the aquatics master plan. And so the majority of funds that we are applying in the capital program are towards renovation and addressing our infrastructure needs, or the backlog. And ensuring that we don't make that backlog grow. And then in closing, the strategies of how we might proceed with the use of C&C, whether or not to shift or increase our ballot measures will have some impact on how we apply this distribution in the future. That concludes my presentation. And we're available for any questions you may have.

>> Mayor Reed: Thank you. Councilmember Oliverio.

>> Councilmember Oliverio: Thank you, Mayor. I want to thank Jane and Albert and the whole team behind you that do all of these things. The projects you've showed us shows that San José is a generous

city, we try to do the most for our cities, they're beautiful projects, libraries, parks, trails, trying to get those things done in a challenging environment. In the budget it mentions the green print and it talks that we need \$1.2 billion to add additional parks and recreation facilities. And I guess I just want some clarification on the green print. Is this the general plan for parks?

>> Albert Balagso: It's the guideline that would -- yes, in simple format, it's our plan for how we would advance the amenities and the needs throughout the city. It also will align to the -- how we weave it in with the general plan as well.

>> Councilmember Oliverio: Reason I ask the question to clarify is that there's been a lot of perceptions on the green print. And when we have community meetings and someone puts a green dot somewhere, and they're, it's on the green print. My question for Rick Doyle, is that a legal document, the green print? Because communities said years ago we're going to have a park on the reason print, I want to understand so we can keep everybody on the same page.

>> City Attorney Doyle: It is more of a policy document, it's a document that the council has adopted as part of a master planning document, the short answer is no, you're not legally bound but a guideline that you follow from a policy standpoint.

>> Councilmember Oliverio: Okay. Just going forward I want to manage expectations. We are a generous city, we've done a lot of gray things and we'll continue to strive for it. But I just think that when we do these sessions it has to be tempered with, it's a wish list. It's not a 100% promise because we don't have the ability to do it every time we would like to. I mean, would you concur with that thought process, managing expectations?

>> Albert Balagso: Yes, managing expectations is important. Because the community can get expectation, while their perception is, "you promised it to us."

>> Councilmember Oliverio: Right, which is something all of us have to deal with, as councilmembers. And then real quickly on the golf courses which fall under parks, what's left on the payments for both Los Lagos and rancho Del pueblo? What is the number?

>> Between 5 and 6 million for rancho Del Pueblo and about 22 million for Los Lagos.

>> Councilmember Oliverio: Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Thank you. Albert, first of all, thank you for all the work that your office and your department does. I know this is a lot, and it's probably the one area that our constituency tend to focus on more, because these are directly related to the minute they walk out the front door, what's in their environment. I wanted to go to page 1 -- let me make sure I got it right here, I have a couple of things. 200. And it's regarding the public art for the different districts. And I'm a little unsure of how this is done. Because I'm looking at an old capital improvement program budget document that shows that in 2006 and 2007, the district had 34,000. And then I go to page 347, and it shows in 2007-2008 that there's 52,000. And then it goes to the next year, which shows 20,000, and then in 2010, 2,000, and then it shows a decrease of the five-year plan. So I'm not sure where that money has been allocated, if it has, or has it been spent? I'm not getting the overview of how the money is being spent or maybe I'm reading it wrong.

>> Matt cano, division manager Parks, Recreation, and Neighborhood Services. I will have to, what I can do is do an analysis of the public art spending history in council district 5 and get back to your office on that.

>> Councilmember Campos: And I'd appreciate that, because I know when I met about a year ago with the department, we were trying to grow the pot, so that we could do something that will make a real impact in the district. So if it has been used for other things and I'm not aware of it, I'd like to know that. I'd appreciate that, thank you.

>> Ed Shikada: Councilmember Campos, if I might, I think part of the potential confusion is I think we're showing the art allocation in a couple of different places in order to account for the change in methodology. This year, we're changing from the 2% of the individual projects to the 1% at the program level. So we've identified it in a couple different areas. So as Matt monetized out, we certainly want to make sure that's clear to you. But just on a general sense that might be adding to part of the difficulty in tracking prior years to the current.

>> Councilmember Campos: Thank you. The other thing I wanted to bring up has to do with Emma Prusch park. I'm getting all these calls from the different constituents and organizations out there. I know that the source of funding for Emma Prusch park, well, I shouldn't say I know, but I'm I guess asking, how is -- how are we using the money that I know past history was that, and I think we talked about this

yesterday, when we talked about the different lands that will be coming forward, whether we sell them or whether we keep them. And I know that there is a lease for the shell gas station, I think there's a strip of that that is city property. And they talked about it briefly yesterday. The funds that we get from that, where does that money go? Because I think people from Emma Prusch park were under the impression that that source of funding was to support Emma Prusch park.

>> Albert Balagso: Councilmember Campos, it is a special fund that collects that revenue with that lease with the shell station. And those funds are indeed applied towards the operations and maintenance and capital for Prusch park.

>> Councilmember Campos: So they are?

>> Albert Balagso: Yes.

>> Councilmember Campos: And is it possible to get me some documentation that shows that? It would help me to understand so I can articulate that to them. And I know that they've also been working with your staffer on the eight-year master plan. I don't know how long a master plan should take, but I know it's been eight years. When do you anticipate that master plan being completed?

>> Albert Balagso: I don't have an answer for that one. We've been working on the back agricultural fields and there's been different stakeholders involved in that. To ensure that we have everybody's views in there, it's difficult to bring all the different stakeholders into some type of consensus so at some point we're going to have to just close it off.

>> Councilmember Campos: I agree, eight years is awful long. And it would be nice to be able to kind of wrap it up. I would love to be able to have a conversation with you on how we move forward to close the loop on that so we could move forward.

>> Albert Balagso: If I could point out, this is the last part of the entire master plan. The rest of the park has indeed been built out and completed. It is the remaining acreage for the agricultural fields.

>> Councilmember Campos: Thank you. And then Jane, I just want to say congratulations. You have been really staying very focused and making sure all the libraries get done. A creative solution to the one that's at independence high school. And I know that I had a conversation with the superintendent, and it's a win win for the both of you. Well, meaning, the city and the school district. Congratulations and I look forward to the day when we can have a state-of-the-art libraries in every community.

>> Jane Light: Thank you, Councilmember Campos. I feel I should say the superintendent, his staff and his board for the east side union, have been very easy to work with, very eager to find a solution. We've worked with a lot of school districts and they've really stood out with their responsiveness.

>> Councilmember Campos: Albert is working with them now and I hope he has the same experience that you have, Jane. Thank you.

>> Mayor Reed: Councilmember Nguyen.

>> Councilmember Nguyen: Thank you. Albert, just wanted to thank you and commend your team for the wonderful work you've done. I think a lot of these projects cost a lot of money, and the big projects, not just for each council district but for the entire city, I wanted to take the opportunity to thank you publicly for that. In regards to the Los Lagos golf course, I just wanted to reiterate that the safety net is not the best looking net aesthetically speaking but if you look at the potential lawsuit that we will encounter in case a child or someone is unfortunate enough to get hit by a golf ball, I think the liability kind of forsee the \$2 million we're putting into the net. So thank you for that work. And again, it's a lot of money. But it's just a fraction of a potential lawsuit. And then in regards to the happy hollow park and zoo and the Seven Trees community library, the one is underbudget, the other is over budget. I want to emphasize that these are really important projects for the city. Sometimes we get lucky, sometimes they come in under budget. If we're not fortunate enough, they come in over budget. Just a quick question for Jane. I read on page 219 that this has to do with the developments in north San José. I know the city were not anticipating you know these developments in the libraries, the branch facilities master plan. When was the plan last updated? Do we anticipate libraries being open in North San José?

>> Jane Light: Councilmember, the plan hasn't been updated since it was adopted and was at that time expected to be fully funded and will be through the bond measure. So it is time, we sort of joke around, is there life after the bond measure? We're facing the fact there is, and are looking ahead towards what are both North San José issues, which bring with it both construction cost but the long term operating costs are generally 10% of the construction cost. If you live in the building for 30 years it will cost you three times as much to operate it in constant dollars than to build it. The planning really has to look at that long term source of funding. Similarly, we will be looking at other places that we were heavily involved in looking at, Coyote area, and we are seeing some impacts with infill and are absorbing new populations in

a given size that, over time, you know, will create a lot of creativity for us to serve those areas. We'll be looking particularly at North San José as it develops opportunities there.

>> Councilmember Nguyen: Thank you.

>> Mayor Reed: Councilmember Nguyen. I'm sorry, Councilmember Pyle.

>> Councilmember Pyle: Thank you. I was the one kidding Councilmember Nguyen about giving out golf lessons over at Los Lagos. It would be cheaper but not with a lawsuit involved. I wanted to ask you Jane, first of all commend you for the successful completion of so many of the libraries. And of course you've got still quite a few more to two. As the libraries come on board, they're generally larger, they generally require a little more supervision, and so I'm wondering, without relying on volunteers, primarily, how -- is there a plan in the future to phase that into more employees? As we become more lucrative?

>> Jane Light: Well, council -- I will assure the rest of the council I didn't pay you to ask that question. Councilmember Pyle, we really worked really hard in the last two years, one, to design these libraries that require a minimum number of staff to operate them. And so that we can see a library from one or two places in the building, can kind of supervise the whole thing, and also, as some of the neighbors have heard, resistant to two-story libraries. Looking at customers helping themselves by checking out materials and finding items so that we are able to operate with a smaller number of staff ratio to square foot or population served, then we did in the past or even other libraries across the country do. I believe that if a library or most organizations put their minds to it, they can achieve a productivity increase each and every year. And that's what my staff and I aim to do, is continue getting productivity increases, so that the staff we have are -- is adequate. If we have further reductions we will have to look at ours. But with staff we have now we anticipate being able to continue, and we do use volunteers but not with certain services.

>> Councilmember Pyle: Some of the volunteers in my district are hyper conscientious. They feel if I miss one day, I'm in big trouble. Which is good, good work ethic. I wanted to commend you Albert for the good job you've done with parks and rec. It's a huge, huge territory that you cover, I know you've given up lunches so appreciate all the effort that you give to us. It makes a difference, thank you.

>> Mayor Reed: Councilmember Williams.

>> Councilmember Williams: Yes, thank you, Mr. Mayor. First I want to congratulate you for all of the work that you do. Both Jane and Albert and Matt. I mean, we really -- it stresses you out at times, I know that. The community is very pleased. On the day of the library opening, if that was any indication of what the community feels and how they feel about the amenities that we're providing for them, that was that day, you saw it, they're very proud of it and I want to thank you for that. The only thing that you show in district 2 in regards to -- for 2008-2009, would be the Alberson parkway trail project. We were lucky to get some money from the open space authority to help with that project, and therefore, we could take the dollars that we had allocated to reappropriate those dollars for other activities in there. As you know, there's a request for the opening up of the Coyote Los Alamitos trail. What do you need to get that started? I know we talked briefly about \$100,000 or thereabouts, what you thought would be necessary with all the legal work and the lease arrangements and all those kinds of things. Is that about the right amount?

>> Albert Balagso: That's correct, \$100,000 to negotiate with the landowners regarding the easements through the site itself.

>> Councilmember Williams: Okay. So this would just be unimproved, just natural, nothing very -- nothing additional, other than the right to be there, and open it up, we're not asking for any additional dollars at this time to do any further improvements or anything, just to get it open up?

>> Albert Balagso: There are two steps to it. First is to look at the easements and have those discussions with the property owners. Second is, in our work with the water district is to ensure or to determine what, if any, environmental review would be necessary, to make it -- to formalize it. As it is, everybody is using it. But once you formalize it, it puts other requirements.

>> Councilmember Williams: There is a possibility of needing additional dollars once you get the negotiation done with the property owners and the water district. Okay. Thank you. It's been eight years trying to get to this point. So probably take some additional time. But I think is what has happened, the community is using it and it's illegal for them to be there. Incidents have happened on the trail, and community has been involved in trying to get some consideration to get that part open. Can't use all of it, but that segment is something the public uses quite frequently. If we can get it unimproved and so the people are legal on there, I think it would be a good thing. Finally, the community appreciates very much all of the recreational opportunities, the joint use with Morgan hill school district. They just love the

library. And you'll have another one coming in soon. So thank you for all that work. And lastly, I wanted to say, make the statement that many of these things that the community is asking for, are things that they paid for. I mean, it's not we're overly generous. I mean, it's just that the bond fund, they authorized it and they put their money, and so there was an expectation we promised, and we want to deliver on the promise. I think they've done a great job at that and they want to see us through. Thank you.

>> Mayor Reed: Just wanted to note that while the voters gave us authorization for \$6:00 million in various bond projects, they didn't give us any more for maintenance or staffing. So Jane Light and Albert Balagso have learned how to do more with less. Councilmember Campos.

>> Councilmember Campos: I know a few years ago we were going to try to reach a goal of having a dog park in every district. And I know that's challenging right now. I was at Hellyer park I think and they have a dog park, and that's kind of a park where you can't have a lot of dogs. But they designated. I'm wondering if we could look at some of the other parts that are considered more regional parks that could designate a small area which would cut down on the costs, we wouldn't have to buy land within districts that still have constituents asking that question. I do happen to be one of them. I know you can't take dogs to Alum Rock, there may be open space that we could look to at the future, I'd like to work with your office and maybe we have some money in C&C or the bond or somewhere that we may be able to do a small park there for the dogs.

So I just wanted to give you that.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I just wanted to echo the kudos, really grateful, certainly in my district, for all of the efforts for construction, libraries, parks, everything else. Just to highlight one example. We've got the oldest library in the entire valley, east Carnegie which has presented all kinds of challenges. Certainly obviously restoring an historic structure, we are adding and expanding it. I'm grateful for all the hard work. I appreciate there are lots of hoops to jump through, and I appreciate all the jumping.

>> Mayor Reed: Any other questions for this section? I think we're going to be able to move into Public Safety. Councilmember Williams.

>> Councilmember Williams: This is just one other question, how in regards to the soccer complex that we're trying to put together, how are we moving along there in terms of getting closure on that?

>> Albert Balagso: That is the work that we're doing on San José state for the South campus.

>> Councilmember Williams: That is the one?

>> Albert Balagso: Yes, we are.

>> Councilmember Williams: Thank you.

>> Mayor Reed: Okay, we're done on this section. We're not going to go through all the Public Safety, we're getting ready for the police memorial at noon but we can certainly do the overview and into the specific areas a little bit. We're a little bit ahead of schedule. Nothing wrong with that. So we'll do the public safety overview, but I think we'll reserve questions for the police department until tomorrow morning. Just because we're preparing for that ceremony. But we should be able to do questions for fire. If we have time this morning. Are you going to take the lead chief?

>> Rob Davis: Yes, I will. I believe we were expecting the fire chief to join us but I can go through the overview, the overview.

>> Mayor Reed: I'm told the chief is on the way so let's go ahead and get started.

>> Rob Davis: Thank you, mayor. Yes, Rob Davis, San José PD chief, here to present the discussion on the public safety capital program. My upsing chief Von Raesfeld will be joining us shortly. I'll give you a quick overview of some of the public safety capital programs. You'll see there's a significant amount of progress on the fire projects. Both the upgrade projects to fire station 22 has been completed. They've also completed the bond funded fire station at 25, 34 and 35. They've also completed the developer funded fire station number 33. And fire stations 12 and 17 are on schedule for completion in the summer of 2008. We were going to discuss taking all of the fire's budget and moving it over to the police side but since the fire chief just showed up --

>> Darryl Von Raesfeld: Glad I got here on time.

>> Rob Davis: We'll just go ahead.

>> Darryl Von Raesfeld: The plan for station 19 has been signed and in process. We'll have the bids out by June. The land was also secured through an eminent domain situation, so it's on track to begin construction. The records management system is on schedule for completion and beginning the first phase of implementation in July. This will help collect fire and EMS data that can be used for making informed and timely decisions. One staff position is being proposed to help with this implementation

however one staff will be feed to mine this data in the future. Work to generate revenue through our RMS system to help fund these needed positions. We're also completing an Internet upgrade that will help provide better data management and assist in better electronic use of our departmental components at our 34 stations.

>> Rob Davis: On your screens now you see three of the major projects we're working on on the police side, a key goal is to enhance response times and emergency response through deployment of resources. Minimizing declines in future service levels with the planned development and the increase in our population. We are also striving to maintain the capacity of the call center and call safety coordination through improvement of remodel to the 911 substation for both police and fire. Permitting more time for community policing and problem solving and the driver training center facility will provide a state-of-the-art training environment conducive to both providing safe and effectively skill set development as well as utilizing or being able to utilize the complete inventory of driver training classes for the police department. It will also help us to prevent the unnecessary trips we are making almost to the Altamont pass on a regular basis. We need to travel to Alameda County currently to do this training. So with this facility being locally based here, obviously it will cut down on travel time staff time and fuel costs to make these trips to almost the Altamont pass. We'll also be doing our part in the staying green philosophy of the city.

>> Darryl Von Raesfeld: Some of the highlights and investments for fire, are on this page here. This includes six stations that are proposed relocations and one rebuild. The relocations will improve service delivery, placing stations in better locations to meet the response criteria. Stations 12 and 17 will improve service in south San José, 19, 21, 24 will improve service delivery open the east side of San José. The proposed consolidation with stake 6 with 37 will affect the willow glen Cambrian area, depend on several response improvement strategies. Performance data related to the signal preemption equipment along several key streets in the area is anticipated to improve the response into north station 6 current district along with the evaluation of alternative service delivery model, will be valued to the proposed consolidation. Station 2 will be rebuilt upgrading the facility to central facility level. The fire equipment, previously deleted position. This is funded half by C&C funding and half by General Fund. The position will provide oversight of daily supplies, manage the turnout cleaning program and track repairs and hopefully increase the usage and life span of these equipment. Guidelines established in 1997, the mileage of two trucks right now is in the close to the range so we will need to reevaluate that and we've had discussions with budget to look at that, the 25-year life span of trucks, sometimes the mileage gets there before the year life span of the truck.

>> Rob Davis: Just a bit more detail of what's happening on the communications side. 911 project provides funding to remodel the fourth floor of the communications building located at is 675 north San Pedro. The South San José police station project provides funding to construct a police station at the end of the boulevard. The driving training center is in the feasibility and land acquisition phases. Design and environmental review began during the summer of 2006. The proposed location is at the buffer lands of the San José Santa Clara water pollution control plant and city staff is developing the terms and the proposed memorandum of understanding with the treatment plant advisory board.

>> Darryl Von Raesfeld: As we look at the purchasing of the bond, of the use of the bond and the purchasing power of the bond we look to maximize the purchasing power by value engineering into our projects, prioritizing our projects as we've been doing and we look to see if the reserves are going to be there to see what we can do. All the way through station 37 right now and it will be dependent on some of the bids as they open up here and we hope to have some good news on those as they go through the process. Sorry that we didn't get to practice this. We were going to practice it this afternoon.

>> Rob Davis: The estimated cost for the driver safety training center has increased due to cost escalation and anticipated environmental mitigation costs. The proposed budget increase of \$527,000 will not be sufficient to cover the anticipated environmental mitigation cost nor the full scope of the collision avoid answer. Anticipated shortfall. Additionally, funds will be required to build offices classrooms and bathrooms which are part of previous scope reductions. Staff is finalizing a business plan that show rates of utilization, instructional fees in addition to funding these additional capital improvements. Remember we will be able to open up this center to several other jurisdictions and be able to recover some of our costs. 32 jurisdictions, cannot address the duality of service needs in the areas of the preprocessing center and the main lobby. Preprocessing center would need six sergeants and 12 officers are for the 24-7 coverage. GSA general services will also require 15 additional staff members for vehicle maintenance and custodial services at the substation and finally a new records management and automated field

reporting as we discussed last week are needed for an automated flow of records between the police station and the records building.

>> Darryl Von Raesfeld: 30 plus years old stations are not receiving any money from the bond. We rely heavily on the C&C money, a group of city stations, citywide, station 16, station 14, station 22, need some work on it too. So we are working on that but it is important that fire relies fairly heavily on the C&C money to complete these projects as well as the turnout funds. We rely heavily on the C&C funds.

>> Rob Davis: One last thing, we know we've had to reallocate that, south San José policing center is currently located in the oak ridge shopping mall and the current lease expires in approximately two years. We will be in negotiations with the westfield corporation beginning in fall of 2008 to seek a release renewal. At that point, that concludes the formal presentation. I know we'll be talking about the fire issues, mayor, depending on how long that goes, if it actually moves to the police discussion we'll be prepared to talk to that.

>> Mayor Reed: The reason we just talked about fire, want to make sure you and your staff can get out in preparation for the memorial ceremony. So I think the question is should we take police first? If you're prepared, if you got all your staff, I don't know who you got mobilized.

>> Rob Davis: We do, we're ready to go.

>> Mayor Reed: If we're not done when you need to leave you can get out of here. Then we will take questions on police then. Ready to go. I think we have one or two no doubt. Councilmember Chu.

>> Councilmember Chu: Chief, question is, would it save money if we closed the substation in Alviso? I know the general consensus from the Alviso community is that they will love to trade that substation for more police patrol.

>> Rob Davis: Well, it's simply a matter of funding. If you're giving up the police substation you still have officers that are manning the substation that would then leave the substation that perhaps you could say could be used in patrol. But remember that station isn't open eight hours a day seven days a week. There are limited hours it's actually open. It's not as if you could say let's take all the staff members that are there, it's not staffed 24-7 and translate them into the field. There would still be a shortage of people to try to beef up that one single area. Once you get additional officers, they go back to the pool of the officers citywide clearly we need to reallocate the resources according to entire city's needs. I will be a little hesitant to say we'll do a specific thing and go out of our way to put specific people in specific geographic spot without looking at the city's full needs.

>> Councilmember Chu: Do you feel the substation is fully utilized or there's some place we could cut it off and save the city some money?

>> Rob Davis: I think if you look at the community centers we have it may be one of the underutilized. It is located in the far North end. It obviously provides some great service to the Alviso residents should they choose to avail themselves of it. Maybe one of the place to put it would be over in the Berryessa area. It wouldn't be that we would want to disband a community policing area. It would be doing a better way of allocating them. But that comes with additional cost and additional budget constraints. I just don't know. We would have to do a further analysis to see if we could close that station and try to move the station someplace else.

>> Councilmember Chu: Thank you.

>> Mayor Reed: Councilmember Campos.

>> Councilmember Campos: Chief, in reading the overview it talks about the east side subs -- not a substation, community policing center. And I know that in your brief description here you also talk about how the money has -- that was going to be used for finding a new location in East San José has been moved. But my question to you is, how -- and I think this goes to what Councilmember Chu said. How often do people use a community policing center, when it's in a shopping mall? Versus, I'm talking about story and king, it was right there, it was in the heart of the community.

>> Rob Davis: Sure.

>> Councilmember Campos: The closest one is eastridge, that is very far from where we are seeing a lot of the violence in the streets. I'm just -- I would like to get your feedback on can we look at other areas, other facilities that are within, you know, Alum Rock, and story and king, so that it's closer connected to the community, versus something so isolated in a shopping center?

>> Rob Davis: My sense of a CPC is that it's not something that's open eight hours a day, seven days a week. There's limited times for people to come in and very specific things they can come in and do. They can file a report, if they didn't have access to Megan's law, they can look at that information there. They can seek out the information from the officer such as how to put in a child safety seat, things of this

type. Traffic flow, people are already at those shopping centers and they make a side trip to go to the police CPC instead of locating it necessarily in the area in Alviso where there's not a lot of foot traffic. So the type of things that they're actually able to do there don't -- they're not conducive necessarily to having a stand alone building. If there is not a lot of area --

>> Councilmember Campos: Story and king, shopping center has a lot of traffic and I know that there are a couple of buildings that are vacant there. And they haven't been able to lease them. So I would encourage us to look at trying to locate something where we know that story and king has a lot of foot traffic, if the tax base is increasing there over 105% we know that there's a lot of traffic there.

>> Rob Davis: Story and king was our first choice. And then we didn't find anything there. Or no cooperation helping us get space in that area. Remember at Westfield is leasing us for \$1 a year.

>> Councilmember Campos: Do you know what they would be charging us?

>> Rob Davis: We've had some great conversation west them. We actually thought that we may have had a success a few months ago in a piece off the main buildings but off to the side of the road out there. That fell through as a result of some --

>> Councilmember Campos: We don't know if we have anything with them yet?

>> Rob Davis: Not currently. The discussions haven't stopped.

>> Councilmember Campos: It would be great to be able to get info memos as you continue to have your discussion, whether it's there or somewhere else, so that we could try to get something in this area.

>> Rob Davis: We'd welcome any assistance.

>> Councilmember Campos: Thank you.

>> Mayor Reed: On the community policing centers, I used to be the councilmember for district 4, we spent a lot of effort to get the community policing center in Alviso and others. But I haven't seen an analysis since we've had these in operation for several years of whether or not they're actually meeting our expectations for what we wanted out of the community policing centers. And while they sound good and they're certainly, everybody would like to have one in their neighborhood, I know that we've had to cut back on the staffing in Alviso, just due to lack of business, to sort of a minimal staffing level. We have a lot less officers involved in the community policing centers than we originally started. I think it is something we have to evaluate, it is more of an operating budget issue than it is a capital issue. But we don't have to continue moving forward if it's not working. And I just think it's an issue you have to look at periodically and chief, Councilmember Liccardo.

>> Councilmember Liccardo: Thank you, mayor. I just had some questions about page 679, Rob, or chief, regarding the staffing over the South San José police station. I know that there are some considerable ongoing costs that we expect to have once the station's up and running, and I think it's 32 additional positions. My understanding is we haven't budgeted for those to date. Do you have any sense about how many we can actually pull from the main station, and how many will actually need to be hired?

>> Rob Davis: Well, clearly what will happen as far as the patrol resources are concerned is that as soon as the building is finished, we'll be able to move the southern patrol forces into that area. There is nothing to prevent that. Other than the GSA to take care of the cars that would be out there that would be problematic. If there is no funding for current positions out there, which means that sections of phases of operation out there simply would not be able to open until we get at a staff. But there would be nothing technically that would prevent us from not moving our patrol resources out there since they already exist, we would be moving them on to a different geographical site.

>> Councilmember Liccardo: Essentially the south station would operate something like a community policing station in terms of having the patrol resources, not necessarily all the staff?

>> Rob Davis: It wouldn't even be a CPC. Without the staffing on the front lobby, you wouldn't allow anybody to come in. You would have it shut. We would be dispatching our resources from the back end.

>> Councilmember Liccardo: Thank you, chief.

>> Mayor Reed: I have a question of how Weaver doing on the project and the budget and the contingencies and the unknowns and the issues that sometimes come up in construction projects are we still trending okay?

>> Rob Davis: I believe we're trending okay. If Public Works want to pitch in, feel free. I believe we're opening in November of '09. Dave psych will speak to this.

>> David Sykes, assistant director of Public Works. We are trending well. We sent that project out to award with a low contingency so we are managing it very closely, we have a good contractor and we're optimistic.

>> Mayor Reed: Good. Councilmember Williams.

>> Councilmember Williams: I guess some additional information about the substation. I usually go by frequently just to see how things are going. And pile driving has been the big thing in the neighborhood, because it starts at 7:00 in the morning and both Hitachi and the community asked us to shift to 8:00. I guess that has been arranged for the community, so that that's a very positive sign that we respond to the community. And we did move it. So what it will do, it will probably move a couple of more days of pile driving in terms of schedule. But I don't think there will be any additional dollars. I don't know how many dollars that will increase the cost. But I guess it was a tradeoff, you know, trying to manage the construction and the community, both from the industrial perspective, pounding they do of their delicate work out there at the site, and the people who have to have a chance to sleep late, I mean, 7:00, I mean, gosh! But anyway, we did it, all right? You guys did it, thank you, thank you very much. But everyone is excited about it and look forward to the opening of that. And all of the fire stations, people are very pleased with those. And I want to thank you all for doing it on time. On the budget on 35, right?

>> Yeah, 35 was on budget.

>> Councilmember Williams: So really appreciate that. Then we're moving the generosity of district 32, we're giving up station 12 to have it moved over to district 10. So it will be moving from Snell and Calaro down the street to Cahalan and Calaro. So it's a good move and we're seeing the cover, the response time will be improved and enhanced and so forth. So thank you for all that work.

>> Mayor Reed: All right, any other questions on police? Well, let's open it up, at fire. And see if there's any questions that people didn't get answered already, and we'll let our police staffing go on out and get ready for the ceremony. Councilmember Chirco.

>> Councilmember Chirco: Yes, I -- because we had done a day or so ago, all of the surplus land within the City of San José, and I know station 17 is being relocated in the old station 17 is the house. I was just wondering if all the paperwork and everything is in order, so that that can -- I'm sure those funds are to be used in the bond projects. I was just -- wanted to make that as expeditious as possible, so when it's ready to be put on the market that's all done?

>> David Sykes, assistant director of Public Works. That will be part of the package with the program for surplus property. That's definitely part of the package.

>> Councilmember Chirco: All the paperwork is already there so it can -- [No audio]

>> Councilmember Oliverio: Your comments based on the age of my district, the senior centers and the amount of housing coming in I still have concern about it. It's to the the best location but frankly we ran out of money. I don't think if you found a parcel within that square where you located, I don't think we have cash to buy it. That's why we're looking at park land to put the station in. My colleagues should know, this is on the corner of Lincoln and Curtner, it is a high volume street where cars back up. It's difficult to anticipate getting out. There is a plan of using signal preemption lights to cut the traffic down from coming forward to make, you know, the ability for the fire trucks to get out, and then again using signal preemption so they can get to where they go. But it's sort of a what-if scenario. So that's why I'm extremely concerned about putting all the eggs in one basket, because we could be having a fox stealing some other eggs somewhere else and that means we don't have the response time to take care of the communities that's there. I just want to share my concerns with that, you know chief, I've made it pretty clear, we can't anticipate what's going to happen until it happens. That's why I think the sale of station 6 should be postponed for as long as possible. In my viewpoint, since we planned on putting six firefighters at station 37 and because, again, the calls are majority medical, that we really just disperse those six firefighters between those two stations, four firefighters on one truck at 37 and then you keep a star car at station 6, and then we take a few years and wait and see what the response times are. Because if we find that we made an error am, at least we still got the land to figure it out. But the method I'm thinking is we're not increasing labor costs because we're keeping those the same. The only added cost, ongoing expenses would be the utilities, water bill, et cetera, for station 6, so those are my concerns. I don't know if you want to add any comments, chief.

>> Darryl Von Raesfeld: Just to talk about there are several strategies to going into station 37. The signal preemption also goes from station 4 responding into the current 6's area. Those yet to be installed and evaluated and the star car or the star unit deployment method will be looked at when we have station 34 open and we need time to collect that data to make sure they are sound decisions that are going to be brought forward. I anticipate, I don't have the date when 37 will look to go forward but we're still a couple years out from 37 coming forward. So we will have time to put the signal preemption in, collect some of that data, and also collect the data on the star unit deployment to see if it is as effective as we anticipate it to be. So there is some work that still needs to be gone forward before the final proposal can come

forward on 6. We will be collecting that. We are completing a memo that was requested on Friday that will come forward that addresses those issues.

>> Councilmember Oliverio: And then Chief, are you already putting a truck there at different times of the day, saying, turn on the horn and let's go, see if we can get through traffic with left turn?

>> We haven't done it yet. We have done it with personal vehicles. Jeff Cady has gone and clocked the routes and things, not at different times of day. We still need voter approval for station 37. We haven't done it with personal cars. I think he has a Murano.

>> Councilmember Oliverio: Okay, good.

>> Ed Shikada: Station 37 will be completed in the calendar year 2011. Back in time to Councilmember Chirco's comments earlier about sale of the property, station 6 along that time line wouldn't be sold or available to sell until year 2012.

>> Councilmember Oliverio: So are we, if -- so part of the argument was, well, gee, we're going to make \$800,000 one-time money by selling the station. In the worst case scenario the station was sold you're just paying back funds that are being paid from a reserve or something?

>> Ed Shikada: It would need to be fronted, the cash flow for making up the FF&E on the financial plan. p.m.

>> Councilmember Oliverio: Thank you very much.

>> Mayor Reed: Any additional questions for fire in addition to this? Okay, we're not going to poof into aviation services. We do have a memorial ceremony that, remind councilmembers is a police department function, they're going to start at 12:00 and they usually mean it. So it wouldn't hurt to be a couple minutes early. I think we're done with this section on public safety capital. And we'll adjourn until tomorrow morning, when we take up the aviation services, transportation, aviation services tomorrow morning at whatever time we're scheduled for, 9:00, I believe. 9:00 a.m. All right, thank you very much.