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5-16-08 san jose budget study session 9 am-11 am TEST, TEST, TEST...

>> GOOD MORNING I'D LIKE TO GET IT COUNCIL STUDY SESSION STARTED. WE HAVE A COUPLE MORE COUNCILMEMBERS IN THE BACK ROOM. WE HAVE A QUORUM AND A COUNCIL CHAMBERS YOU KNOW JANE LIGHT'S GOING TO LEAD THIS DISCUSSION HAVING TAKEN ON THE WORK OF TRYING TO BRING THE STAKE HOLDER GROUP TOGETHER. AND I'VE GOT THIS THING HERE, JANE. THAT UNDERSTAND WAS AWARDED TO YOU LAST NIGHT AT THE YWCA SILICON VALLEY TRIBUTE AWARD FOR YOUR WORK. I KNOW YOU WERE OUT LATE PARTYING LAST NIGHT AS A RESULT THIS. I HOPE YOU ARE ABLE TO DO A PRESENTATION IN A COHERENT MANNER. YOU COULD TAKE IT AWAY IF I DON'T.

>> THAT'S WHAT WE WILL HAVE TO DO. CONGRATULATIONS. THANK YOU FOR YOUR WORK AND THEY DON'T KNOW ABOUT YOUR STAKE HOLDER WORK ON THIS PARTICULAR ISSUE. CONGRATULATIONS.

>> THANK YOU. [APPLAUSE]

>> BEFORE WE GET STARTED THE CITY MANAGER AND JANE OF TAKE US, I WANT TO REVIEW HOW WE GOT HERE. WE STARTED THIS PROCESS OF TRYING TO WORK ON OUR STRUCTURAL BUDGET DEFICIT AND COMING UP WITH A 3 YEAR PLAN A YEAR AGO IN MARCH WITH MARCH BUDGET MESSAGE DIRECTING THE CITY MANAGER TO BEGIN THE PROCESS, CREATING THE MAYOR'S BUDGET SHORT FALL ADVISORY GROUP AND DOING THE TECHNICAL WORK NECESSARY TO COME UP WITH A STRATEGY FOR DEALING WITH IT. A LOT OF WORK HAS BEEN DONE TRYING TO GET US TO A POINT WHERE WE CAN MAKE DECISIONS ON HOW TO GO FORWARD. THERE WERE A GROUP OF STAKE HOLDER MEETINGS, 5 GROUPS OF STAKE HOLDERS MET MANAGED BITE MANAGER AND HER STAFF. A DAY LONG COMMUNITY MEETING AT CITY HALL FOR NEIGHBORHOOD ASSOCIATIONS, 7 PUBLIC HEARINGS OUR SCIENTIFIC PHONE SURVEY OF A THOUSAND RESIDENTS, ON LINE SURVEY OF CITY EMPLOYEES WHERE MORE THAN 2,000 RESPONSES. ON LINE SURIS VA FROM THE REST OF THE COMMUNITY WITH OVER 600 RESIDENTSES PARTICIPATING. AND WE HAD MANY, MANY OPPORTUNITIES FOR PEOPLE TO PARTICIPATE AND ENDED UP WITH SEVERAL HUNDRED SUGGESTIONS OF THINGS THAT SHOULD BE AND COULD BE DONE OR AT LEAST WERE GOOD IDEAS WE EVALUATED BY CONNECTICUT SULTANT STAFF AND THE MANAGEMENT STAFF. WE HAVE A REPORT REE RELEASED IN JANUARY REGARDING THESE STRATEGIES AND THE MAYOR BUDGET SHORT FALL GROUP READ THE STRATEGIES, MADE A RECOMMENDATION TO CITY COUNCIL ABOUT THE DEVELOPMENT OF THE 3 YEAR PLAN TO ELIMINATE THE INSTRUCAL DEFICIT. WE TALKED ABOUT THOSE AT THE COUNCIL LEVEL IN FEBRUARY. THEY WERE ROLLED INTO THE BUDGET MESSAGE WITH RECOMMENDATION FROM THE COUNCIL THAT WE POSTPONED A LITTLE BIT SOME OF THE DECISIONMAKING BECAUSE THERE WAS A LOT OF WORK LEFT TO BE DONE. WE ENGAGED STAKE HOLDERS IN ANALYZING THE STRATEGIES TO GIVE US THE PRO'S AND CON'S OF WHAT WE THOUGHT ABOUT IT AND WE DO THIS SPECIAL MEETING IN ADDITION TO THE REGULAR BUDGET WORK AND INVITE THE STAKE HOLDERS TO COME IN AND TALK TO US AS WELL. THAT'S WHAT BRINGS US HERE. WE HAVE BEEN AT THIS FOR A YEAR. HOPED TO BE A 3 YEAR PLAN. WE HAVE NOT STARTED THE 3 YEAR PLAN EVEN THOUGH WE'RE A YEAR INTO THE WORK. IT REQUIRES EFFORT TO GET STAKE HOLDERS ENGAGED AND INVOLVED EARLY ON. WE KNOW THE CHALLENGE OF GETTING PEOPLE INVOLVED EARLY IN THE PROCESS ALTHOUGH IT'S HELPFUL IF THEY ARE IT'S NOT ALWAYS EASY. I WANT TO TURN IT OVER TO THE CITY MANAGER TO START THE DISCUSSION OF WHERE WE ARE.

>> THANK YOU, MR. MAYOR AND MEMBERS OF COUNCIL. I WILL HAVE THE STAFF SINCE THE MAYOR FRAME THIRD DEGREE WELL UP SO WELL BEGIN WITH SLIDE 5. THE MAYOR'S GIVEN YOU BACKGROUND ON WHAT HAS LEAD US TO TODAY. TODAY WHAT WE ARE GOING TO DO FOR YOU IS TO HIGHLIGHT OUR RECOMMENDATIONS, WHICH IS IN MBA NUMBER 4. AND OUR STARTING POINT AS THE MAYOR INDICATED WAS THE WORK THAT WE DID IN THE FALL USING MANAGEMENT PART NERS TO BASICALLY FROM A TECHNICAL PERSPECTIVE AND PROFESSIONAL PERSPECTIVE AS WELL AS INCLUDING THE BEING INFORMED BY LOTS OF STAKE HOLDER INPUT WE ADVANCED TO YOU 21 TOP STRATEGIES WE THOUGHT SHOULD BE CONVERSATION STARTERS AROUND OPTIONS FOR RESOLVING THE STRUCTURAL DEFICIT. THE NEXT SLIDE. AGAIN, WHAT WE HAVE BEEN DOING IS AGAIN UNDER THE

LEADERSHIP OF JANE LIGHT AND JENNIFER MC GUIRE AND THE INVOLVEMENT OF MANY, MANY OF THE SENIOR STAFF AND THEIR STAFF MOST OF THEM IN THE AUDIENCE TODAY, A LOT OF THEM NOT I WANT TO THANK THEM FOR THE WORK THEY HAVE DONE TO GET US TO TODAY. WE HAVE BEEN WORKING TO REVIEW THESE TOP STRATEGIES WITH THE NEWLY FORMED STAKE HOLDER'S GROUP, WHICH IS TALKED ABOUT ON THE NEXT SLIDE. 23 COMMUNITY MEMBERS HAVE COME TOGETHER APPOINTED BY THE COUNCIL THIS GROUP IS CHAIRED BY COUNCILMEMBER CONSTANT. WE HAD 3 MEETINGS TO DATE. THE TECHNICAL STRATEGIES, THE TOP PRIORITIES 10 OF THEM, HAS BEEN PRESENTED TO THE GROUP AND THEY HAVE ENGAGED IN A DISCUSSION OF ADVANTAGES AND CONCERNS AROUND THOSE TOP STRATEGIES. IT NATURE OF THE PHASE OF THE WORK IS AROUND THOSE ISSUES THAT ARE MORE URGENT PRIMARILY BECAUSE OF THE NEED FOR COUNCIL DECISION AS TO WHETHER OR NOT YOU WOULD LIKE TO GO TO THE VOTERS WITH ANY OF THE REVENUE STRATEGIES. WE WILL HIGHLIGHT FOR YOU THOSE THAT WE HAVE TALKED ABOUT BUT ALSO OUR RECOMMENDATIONS IN THAT REGARD. IN TERMS OF ACHIEVING A SOLUTION, WE SHOULD KEEP IN MIND THAT THIS IS VERY HARD WORK. NOT ONLY BECAUSE OF THE TECHNICAL CAPACITY IT TAKES BUT BECAUSE MORE IMPORTANTLY THE VALUES WHICH UNDERLIE THE ISSUES THAT IN THE SOLUTIONS THAT WILL BE TAKE TO SOLVE THIS PROBLEM. I DO THINK WE SHOULD KEEP IN MIND THAT CHANGE OF TAKE TIME BUT REALLY THERE IS NO ALTERNATIVE OTHER THAN TO CONFRONT THIS ISSUE. THE CITY HAS USED A VARIETY OF TACTICS TO DEAL WITH IT'S CHRONIC BUDGET PROBLEM FOR THE LAST 6 YEARS. SOLUTIONS HAVE BEEN ON GOING BUT MANY HAVE BEEN ONE TIME FIXES THEREFORE, LONG-TERM SOLUTIONS WILL REQUIRE STRENGTHENING THE ABILITY OF THE CITY TO GENERATE REVENUES AND TO CONTROL COSTS. VIA CHANGES IN THE WAY IT DOES BUSINESS. WE COULD WRITE A LONG, DETAILED ANALYSIS ON ANY OF THE STRATEGIES BEFORE YOU TODAY INCLUDING DISCUSSION ON FISCAL POLICY, LEGAL ISSUES TO EVERYONE ONE OF THEM, HOWEVER, IT IS IMPORTANT TO REMEMBER THAT EACH ONE IS A PROJECT ON TO IT'S OWN RIGHT AND TAKE SUSTAINED EFFORT. AND STAFF TIME AND COMMUNITY CAPACITY TO DECIDE WHETHER OR NOT ANYONE OF THESE SOLUTIONS ARE RIGHT FOR THE CITY OF SAN JOSE. WITH THAT IN MIND, THE URGENT STRATEGIES WE ADVANCE TODAY DO CONSIDER WE WILL HAVE 14 DAYS OR SO TO DO THE NEXT PHASE OF WORK ON THOSE THAT WE SUGGESTED FOR FURTHER RESEARCH AND POLING AT THIS STAGE. I DO ENCOURAGE THE COUNCIL TO REALLY CONSIDER TAKING ON THOSE THINGS THAT YOU BELIEVE ARE MOST IMPORTANT. THAT ARE VALUE ADDD AND I ASK THE STAFF IF THEY CONTINUE THE WORK THAT WE FOCUS ON WHAT'S PERSONALITY. IMPORTANT. THERE ARE ISSUES THAT THE CITY MUST KEEP IN MIND BOTH ON THE REVENUE AS WELL AS THE EXPENDITURE SIDE. AS MENTIONED, MOST REVENUE MEASURES DO REQUIRE SOME VOTER APPROVAL. GENERAL AND PRIMARY ELECTIONS ARE WHERE SUCH MEASURES CAN BE MOST SUCCESSFULLY CONSIDERED BECAUSE OF THE HIGHER VOTER TURN OUT. THESE OPPORTUNITIES COME ALONG EVERY COUPLE OF YEARS OR SO. AND THE COUNCIL DOES HAVE A DEADLINE TO TAKE ACTION FOR THE NOVEMBER BALLOT. ON THE EXPENDITURE SIDE, CITY EMPLOYEE SALARIES AND BENEFITS OTHER LARGEST COST IN THE GENERAL FUND. ALL EMPLOYEES ARE COVERED UNDER COLLECTIVE BARGAINING AGREEMENTS AND THE CITY WISHES TO MAINTAIN THE POSITIVE WORKING RELATIONSHIP WITH THEIR EMPLOYEES OUR CONTRACT TERMS AND GOOD JUDGE REQUIRE WE HAVE OUR EMPLOYEES IN DISCUSSIONS ABOUT CHANGE NECESSARY SERVICE DELIVERY. WITH THAT SET UP I WILL TURN IT TO JANE TO TAKE US THROUGH THIS MATERIAL.

>> THANK YOU. GOOD MORNING MAYOR AND MEMBERS OF THE COUNCIL WITH ME IS ANDZY OF MANAGEMENT PARTNERS I BELIEVE YOU MET BEFORE. MANAGEMENT PARTNERS IS ASSISTING US IN THE GENERAL FUND STRUCTURAL DEFICIT ELIMINATION PLAN. MY ACCOMPLISHMENT IS TO SAY THAT QUICKLY. PETE AND I WILL RUN A CONTEST TO RENAN THIS. WE WILL PRESENT THE STRATEGIES TODAY. THE 10 STRATEGIES THAT WE LOOKED AT SO FAR THAT BECAUSE THEY ARE EITHER POTENTIAL FOR IMMEDIATELY IMPLEMENTATION AND REAP THE BENEFITS THEREOF OR MIGHT BE SOMETHING COUNCIL MAY WANT TO CONSIDER TERROR NOVEMBER BALLOT MEASURE. A NUMBER OF THE CITY'S CORE TEAM MEMBERS ARE HERE TO PROVIDE EXPERTISE NEEDED THROUGHOUT THE DISCUSSION. FIRST STRATEGY WAS ORIGINALLY WRITTEN FROM THE MANAGEMENT

PARTNER'S REPORT RECEIVED LAST JANUARY WAS TO INCREASE CONVEYANCE TAX AND OUR SHIFT THE CONVEYANCE TAXES FUNDING FROM CAPITAL PROJECTS TO OPERATIONS AND MAINTENANCE. THE RECOMMENDATION FOR YOU TODAY REALLY IS TO CONSIDER PROCEED WITH MORE RESEARCH, THE AMOUNT OF RESEARCH WE CAN GET DONE IN THE NEXT 14 DAYS AND POLING TO CONSIDER FOR THE NOVEMBER 08 BALLOT. THE RECOMMENDATION NOW IS TO CONSIDER INCREASING THE CONVEYANCE TAX PORTION ALMOST ALL OF THE FUNDS COME FROM THE CONVEYANCE PROPERTY TAX TO INCREASE THAT BY 50 PERCENT AND DON'T PUT THE DOLLARS INTO THE GENERAL FUND. INSTEAD, MAINTAIN THE REQUIREMENT OF 64 PERCENT OF REVENUES GO TO PARKS PURPOSES BUT ALLOW UP TO 40 PERCENT OUT OF THE TOTAL PARKS ALLOCATION BE USED FOR MAINTENANCE PURPOSES WHERE AS NOW ONLY 15 PERCENT CAN BE. AND FOURTH, THE NONPARKS ALLOCATIONS OUT OF THE CNC, LIBRARY, FIRE AND COMMUNICATIONS AND OTHER SOURCES, THAT FOR THOSE FOLKS THEY CONTINUE TO GET THEIR SHARE BUT UP TO 40 PERCENT OF THEIR ALLOCATIONS COULD BE USED FOR MAINTENANCE. THE GROUP CAME BOTH THE CORE TEAM LOOKING AT THIS AND THAT WAS DISCUSSION WITH THE STAKE HOLDER GROUP, CAME TO THE CONCLUSION THAT MOST OF THE CURRENT CNC DOLLARS ARE BEING USED FOR CAPITAL REPAIRS AND MAINTENANCE OR FOR OTHER PURPOSES THAT WERE THE MONEY FUNDS TO THE GENERAL FUND THE GERUND FUND WOULD HAVE CONTINUE PAYING FOR LIBRARY MATERIALS AND FIRE EQUIPMENT. INSTEAD, SO INSTEAD IT SEEMED THAT IT WOULD MAKE MORE SENSE TO POTENTIALLY INCREASE THAT REVENUE BUT FOR THE PURPOSES OF ESTABLISHED BUT AT THE SAME TIME ALLOW A MORE FLEXIBILITY IN HOW THE DOLLARS ARE SPENT. THAT WOULD RELIEVE THE GENERAL FUND DEFICIT IN 2 WAYS, ONE, HAVING MORE MONEY AVAILABLE IN THE SPECIAL FUND FOR THE MAINTENANCE FUNCTIONS COVER INDEED PARKS THROUGH THE GENERAL FUND AND SECONDLY, MAKING SURE THE DEFERRED MAINTENANCE FUNCTION NEEDS OF THE CITY DON'T ACCUMULATE GREATER BECAUSE THE CNC DOLLARS WOULD NOT BE AVAILABLE IF THEY ARE IN A GENERAL FUND FOR PARKS CONSTRUCTION TO REBUILD PARKS. A 50 PERCENT INCREASE WOULD RAISE THE RATES FROM 3.30 PER 1,000 OF VALUE IN A TRANSACTION AND SALE TO 4.95 PER 1,000 DOLLARS. AN EXAMPLE IS A 5 THOUSAND DOLLARS 500 THOUSAND DOLLARS PROPERTY, IF SOLD NOW PAYS 1,650 DOLLARS. AT THE TIME OF SALE INTO THIS FUNDS. WITH THE INCREASE THE TAX WOULD BE 2,475 DOLLARS. AS ONE MEMBER OF THE STAKE HOLDER GROUP POINTED OUT AT THE POINT YOU ARE SELLING A PIECE OF PROPERTY, AS YOU ARE PAYING SOME TO REAL ESTATE AGENTS AND CLOSING COSTS, ET CETERA. THIS AMOUNT OF MONEY IS MINOR COMPARED TO MANY OF THE OTHER PARTS OF YOUR TRANSACTION. ANDY AND I WILL TAKE TURNS SO YOU GET VARIETY IN PRESENTATIONS.

>> THANK YOU, MR. MAYOR AND MEMBERS OF THE COUNCIL. THE NEXT STRATEGY WHICH THE MBA PROVIDES RECOMMENDATION IS TO INCREASE REVENUES ON VISITORS WHO BENEFIT FROM GENERAL FUND SERVICES. AND THE SPECIFIC RECOMMENDATION IS TO PROCEED WITH FURTHER RESEARCH AND POLING FOR CONSIDERATION OF A NOVEMBER 2008 MEASURE WHICH WOULD CONSIDER ONE OF 2 OPTIONS. THE FIRST WOULD BE TO AUTHORIZE A CITY WIDE VEHICLE TAX. THE SECOND WOULD BE TO AUTHORIZE A CITY PARKING USER TAX. WHICH WOULD APPLY TO CITY AND REDEVELOPMENT OWNED PROPERTY. THE BACKGROUND ON THIS STRATEGY IS WE FOUND RELATIVE TO OTHER MAJOR LARGE CITIES IN CALIFORNIA, THAT SAN JOSE COLLECTS RELATIVELY LITTLE INTO THE GENERAL FUND FROM TAXES ORIENTED TOWARDS VISITORS. OF COURSE, VISITORS WHEN THEY COME TO SAN JOSE REPLY UPON CITY SERVICES OF MANY TYPES. THE CORE TEAM IDENTIFIED A COUPLE OF OPTIONS WHICH ARE REASONABLE PROXIES FOR VISITORS BUT NOT PERFECT. WE RECOGNIZE IN SOME CASES SAN JOSE RESIDENTS WOULD BE IMPACTED BY THESE MEASURES. I WANT TO MENTION THAT IN WITH RESPECT TO THE VEHICLE RENTAL TAX, THERE ARE LEGAL ISSUES THAT STILL HAVE TO BE RESOLVED OR AND THAT IS PROBABLY A MORE PROBLEMATIC STRATEGY AT THIS STAGE THAN THE PARKING USER TAX. YOU MAY HAVE A QUESTION OF, WHAT ABOUT THE TRANSIENT OCCUPANCY TAX THAT WAS AROUNDLY DISCUSSED AND WE WANT TODD MENTION THAT AND HAVE A RECOMMENDATION CONCERNING THE TRANSIENT OCCUPANCY TAX AS WELL. THIS STRATEGY IS BEING WORKED ON BY HOTELS WITHIN THE CITY. THEY ARE

BASICALLY WORKING AMONGST THEMSELVES TO COME UP WITH A PROGRAM TO INCREASE THE TRANSIENT OCCUPANCY TAX AND DIRECT THESE REVENUES TOWARD IMPROVEMENTS IN THE CONVENTION CENTER. FOR THIS REASON IT'S OUR RECOMMENDATION WE DROP FURTHER CONSIDERATION OF THIS STRATEGY AT THIS TIME.

>> ANOTHER STRATEGY THAT CAME OUT OF THE MANAGEMENT PARTNER'S REPORT WAS MODERNIZE THE UTILITY USER TAX AND INCREASING IT TO BRING IT INTO ALIGNMENT WITH OTHER LARGE CITIES. THIS BECAME MORE COMPLEX AND THE RECOMMENDATION WE ARE BRINGING TO YOU TODAY IS SORT OF A VARIATION. OUR UTILITY USER'S TAX IS CONVICT MILLION DOLLARS A YEAR TO THE CITY AND CURRENTLY 5 PERCENT THE TAX IS 5 PERCENT OF THE COVERED UTILITIES, WHICH IS BELOW THE STATE WIDE TIER RATE FOR LARGE CITIES AND BELOW THE STATE WIDE AVERAGE WHICH IS 5 AND A HALF PERCENT. A CHANGE REQUIRES A MAJORITY VOTE OF OUR VOTERS. THE -- WE REALIZE, HOWEVER THAT A MAJOR CHANGE TO OUR TAX TO INCREASE THE RATE BY HALF A PERCENT, ALTHOUGH IT WOULD BRING SUBSTANTIAL REVENUE WE COULD HAVE DISCUSSION WITH THE COMMUNITY WE CAN HAVE BETWEEN NOW AND THE NOVEMBER BALLOT. OUR RECOMMENDATION IS NOT TO FORGET ABOUT THIS FOREVER BUT INSTEAD WE TALK ABOUT THE TELEPHONE USER'S PORTION OF THE TAX ALONE. CURRENTLY, THE WAY THAT THE TAX IS BEING -- THERE ARE TAXES COLLECTED. WE DO NOT COLLECT ON INTERSTATE PHONE CALLS. WE DO NOT DO OUT OF COUNTRY CALLS. AND AS THE PHONE BUSINESS IS CHANGING AND PEOPLE BUNDLING SERVICE, USING CELL PHONE AND BUNDLED SERVICES TO CALL OVER THE WORLD WE NO LONGER CAPTURE THAT REVENUE AND FURTHERMORE PEOPLE WHO USE THOSE SERVICES MAY NOT BEING TACKED SOMEONE WHO CAN'T AFFORD A CELL PHONE MAY BE PAYING ON A LAND LINE. THERE ARE EQUITY ISSUES. WE RECOMMEND TO LOOK AT RESEARCH AND POLING TO SEE IN CHANGE NOTHING NOVEMBER THE VOTERS TO CHANGE THAT PORTION OF THE UTILITY USER'S TAX THAT COVERS THE PHONE AND MODERNIZE THAT LANGUAGE SO WE CAN COLLECT FOR THE NEW USES OF PHONES AND MODERNIZE THE LANGUAGE IN A WAY THAT EMERGING USERS HAPPEN WE DON'T HAVE TO GO BACK TO THE VOTERS. A NUMBER OF CALIFORNIA CITIES HAVE AND DONE THIS IN THE LAST 2 YEARS AND MOST OF THOSE MEASURES HAVE PASSED. THIS BRINGS THE FISCAL IMPACT TO 1-2 MILLION DOLLARS A YEAR. OUR RECOMMENDATION IS AT THIS POINT WE PURSUE JUST THE TELEPHONE PORTION AND HAVE MORE CONSIDERATION AND DISCUSSION OF THIS IN NOVEMBER IN THE 3 YEAR PLAN.

>> THE NEXT STRATEGY IS TO UTILIZE FINANCIAL STRATEGIES WHICH HAVE A POSITIVE NET PRESENT VALUE. THIS IS -- THIS BUDGET UM -- WORK IS VERY HARD WORK. WE HAVE BEEN AT IT FOR AWHILE. IT'S NICE TO CELEBRATE SOME PROGRESS. THIS IS AN AREA WHERE THE RECOMMENDED 08-09 PROPOSED BUDGET DOES INCLUDE RECOMMENDATIONS CONCERNING HOW THE CITY CAN GENERATE ADDITIONAL REVENUES FOR THE GENERAL FUND BY USING THIS STRATEGY. BASICALLY AS RECOMMENDED IN THE BUDGET THE 2 STRATEGIES ARE TO PREPAY PENSION OBLIGATIONS AND CONSIDER ISSUING PENSION OBLIGATION BONDS. THE CITY IS IN A POSITION TO USE THESE STRATEGIES BECAUSE IT HAS A GOOD CREDIT RATING AND STRONG FINANCIALS. BASICALLY BOTH OF THESE STRATEGIES ARE UNDER PINNED BY THE FACT THAT MOST CITY SURPLUS FUNDS HAVE TO BE INVESTED IN HIGHLY LIQUID INVESTMENTS UNDER STATE LAW. BUT WHEN IT COME TO FUNDING PENSIONS, WHICH BOTH OF THESE STRATEGIES CONTEMPLATE, THAT'S A LONG-TERM REGULAR DRAW ON THE MONEY. YOU KNOW THAT YOU WILL BE ABLE TO INVEST FOR THE LONG RUN WHEN YOU ARE TALKING ABOUT FUNDING PUNCTUATIONS. BOTH OF THESE UNDER THE PREPAYMENT STRATEGY INSTEAD OF PAYING MAKING THE EMPLOYER CONTRIBUTIONS BIWEEKLY THE CITY WOULD PAY UP FRONT AND GET A DISCOUNT. AND THE ESTIMATED IMPACT ON THIS ONE FOR FISCAL YEAR 08-09 IS 1 MILLION ON THE PENSION OBLIGATION BONDS THE IDEA IS SIMILAR BUT HAS TO DO WITH ISSUING THE BONDS TO FUND PENSION PLANS TO ARE NOT FULLY FUND ALTHOUGH THE CITY'S PUNCTUATION PLANS ARE RELATIVELY HIGHLY FUNDED. IT CAN BE RISKY IF YOU DON'T HAVE HIGHLY FUNDED PENSION FUNDS BUT THAT'S NOT THE CASE IN THE CITY OF SAN JOSE. CITY POLICE AND FIRE IS ALMOST FULLY FUNDED AND THE [INAUDIBLE] PLAN IS 83 PERCENT FUNDS. THE PENSION OBLIGATION BONDS WOULD BE 1.5 MILLION IN THE FIRST YEAR AND GOING UP TO

ALMOST 5 MILLION IN YEAR 10. AND I SHOULD ALSO MENTION THAT PENSION OBLIGATION BONDS ARE IN USE OF THE STATE OF CALIFORNIA BY CITIES AND COUNTIES.

>> THE NEXT STRATEGY WE LOOKED AT THAT CAME FROM THE MANAGER PARTNER'S REPORT WAS TO IMPLEMENT A MANAGEMENT ASSET PROGRAM. AND IN SPECIFICALLY TO CREATE A RIGOROUS ASSET MANAGEMENT PROGRAM. WITH OUR RECOMMENDATIONS TO YOU TO PROCEED WITH MORE ANALYSIS AND ACTUAL POLICY DEVELOPMENT BUT AT THE SAME TIME TO CONTINUE PURSUE SUIING THE REAL ESTATE TRANSACTIONS THE CITY IS WORKING ON AND ENGAGED IN ON A REGULAR BASIS AND PROVIDE A FRAMEWORK FOR A PROGRAM AS PART OF THE 3 YEAR PLAN AND BRING FOR YOUR CONSIDERATION SOME POLICY QUESTIONS ABOUT HOW YOU WANT TO MANAGE YOUR REAL ESTATE PROPERTIES AND SOME OF THE OPERATIONS THAT YOU HAVE THAT USE CITY PROPERTY. CURRENTLY, WE REALLY DO PURCHASING SELLING AND RENTING ON A TRANSACTIONAL BASE AS WE MANAGE OUR PROPERTY RATHER THAN A COMPREHENSIVE PLAN OF WHAT WOE WANT TO GET FROM THE ASSETS. THIS PROGRAM THAT WE WILL DEVELOP WILL HELP YOU UNDERSTAND OUR STAFF UNDERSTAND IN OUR PUBLIC UNDERSTAND HOW IT IS THE CITY PLANS TO USE THESE ASSETS SUCH AS PARCELS OF LAND THAT ARE VACANT OR UNDERUTILIZED. PROPERTIES THAT ARE OPERATED BY OTHER ENTITIES OR LEASED BY OTHER ENTITIES AND PROGRAMS SUCH AS GOLF COURSES THAT WE OWN AND OPERATE OURSELVES BUT MAY WANT TO CONSIDER THAT THE BEST USE FOR THE CITY AT THIS TIME AND THE BEST WAY TO OPERATE THOSE FACILITIES. OUR STRATEGY HERE IS TO CONTINUE THE NECESSARY TRANSACTIONS BUT DEVELOP A NEW POLICY FOR YOUR CONSIDERATION AND A FRAMEWORK FOR AN ASSET MANAGEMENT PROGRAM THAT WOULD INCLUDE SOME PROGRAM PERFORMANCE GOALS. FORMALIZED REPORTING AND POTENTIAL USE OF CITY OWNED PROPERTY.

>> NEXT STRATEGY IS THE IMPLEMENT A REVAMP EMPLOYEE SUGGESTION AND PROCESS STREAM LINING/OPTIMIZATION PROGRAM. AS PART OF THE WORK IN THE FALL ON THE BUDGET, WE DID DO AN ELECTRONIC SURVEY OF CITY EMPLOYEES AND GOT LITERALLY THOUSANDS OF RESPONSES AND HUNDREDS OF SUGGESTIONS FROM CITY EMPLOYEES. THESE SUGGESTIONS FELL INTO 2 CATEGORIES ONE WAS SPECIFIC CHANGES THE OTHER WAS BUSINESS OPERATIONS IN THE CITY THAT COULD BE STREAM LINED. WE ARE FOLLOWING UP WITH THE EMPLOYEE SUGGESTIONS WITH THIS STRATEGY. TO GIVE YOU BACKGROUND THE CITY HAD AN SUGGESTION AWARD PROGRAM IN PLACE BUT IT HAS BEEN DORMANT FOR A NUMBER OF YEARS. CITY ALSO HAS AN ART AND PRACTICE OF LEADERSHIP PROGRAM THE CITY'S PROFESSIONAL DEVELOPMENT ONE OF THE CITY'S PROFESSIONAL DEVELOPMENT APPROACHES. AND THE PEOPLE PARTICIPATING IN THAT LOOKED AT THE IDEA OF REVAMPING THE EMPLOYEE SUGGESTION PROGRAM. THEY HAVE COME UP WITH RECOMMENDATIONS ON HOW THAT WOULD BE DONE. THE RESULT WOULD BE A REVITALIZED PROGRAM AND A FRAMEWORK FOR TAKING ADVANTAGE OF MANY OF THE SUGGESTIONS THAT THE CITY RECEIVED FOR CHANGES IN BUSINESS PROCESSES AND ALSO STREAM LINING OPPORTUNITIES. THE NEW PROGRAM WOULD EXPEDITE AND SIMPLIFY THE AWARDS PROCESS, EXPAND ELIGIBILITY CRITERIA AND ENHANCE OUT REACH ACTIVITIES. THERE WOULD BE A NEW EMPHASIS NOT ONLY ON DIRECT COST SAVINGS BUT ON HOW THE CITY CAN IMPROVE BUSINESS PROCESSES TO STREAM LINE THEM AND ELIMINATE OR REDUCE ACTIVITIES WHICH ARE NO OF LOW VALUE. IT'S DIFFICULT TO ESTIMATE THE FINANCIAL IMPACT BUT CURRENTLY WE ARE ESTIMATING THAT AT UP TO A MILLION DOLLARS ANNUALLY.

>> THE NEXT STRATEGY THAT WAS IN THE MANAGEMENT PARTNERS REPORT WE THOUGHT WE SHOULD LOOK AT QUICKLY WAS TO ENSURE ALL FEES ARE ALL COST RECOVERY. THAT STRATEGY IS ONE YOU CURRENTLY EMPLOY BY AND LARGE IN ONE OF THE BUDGET PRINCIPLES INCLUDED THIS YEAR AS IN OTHER YEARS AND THE MAYOR'S MARCH BUDGET MESSAGE WAS TO FULLY RECOVER COSTS THROUGH FEES. AND TO LOOK FOR FEES NEW FEES POTENTIALLY AND WHETHER WE NEEDED TO INCREASE SOME OF THE EXISTING FEES. CURRENTLY YOUR FEES POLICY GIVES 2 CATEGORY OF FEES CATEGORY ONE MEANS WE SHOULD FULLY RECOVER THE COST OF THOSE FEES FOR SERVICES PROVIDE FOR AN INDIVIDUAL FOR THEIR PARTICULAR BENEFIT. AND THE SECOND ONE ALLOWS TO EITHER COLLECT LESS THAN THE FULL COST RECOVERY OR MORE THAN THE COST

RECOVERY. FOR EXAMPLE, WE YOU CHOSE TO COLLECT LESS THAN FULL COST RECOVERY FOR MANY OF THE CITY REC PROGRAMS BUT YOU MIGHT CHOSE TO COLLECT MORE THAN FULL COST RECOVERY FOR THE LIBRARIES, SMALL INCOME GENERATING PROGRAM WHERE WE PROVIDE CONSULTING SERVICES TO OTHER LIBRARIES WHO ARE LOOK TO ADOPT OUR INNOVATIONS. AS WE LOOK ANNUALLY, YOU ADOPT THE FEES AND CHARGES AND JUST HAD A BUDGET HEARING ABOUT THAT. THIS YEAR, WE ARE RECOMMENDING THAT YOU MAINTAIN OUR COUNCIL COST RECOVERY POLICY. THAT YOU ADOPT THE PROPOSED 08-09 FEES AND CHARGES REPORT WHICH INCLUDES A NEW BUSINESS TAX ADMINISTRATION FEE AND INCREASES IN OTHER FEES AND THAT YOU EXPECT THE STAFF TO CONDUCT FURTHER ANALYSIS OF CURRENT AND POSSIBLE NEW FEES AND BRING THOSE BACK IN NOVEMBER WHEN THE 3 YEAR GENERAL FUND PLAN COME BACK TO YOU. WE ESTIMATE THAT IF WE WERE TO REALLY LOOK AT OUR FEES AND ADD SOME AND BRING OTHERS UP THAT WE COULD BRYN IN 3-4 MILLION DOLLARS A YEAR OF ADDITIONAL REVENUE FOR THE FEES THAT WE KNOW WE HAVE. THERE ARE SOME THAT ARE WORTH EXPLORING THAT MAY BRING IN ADDITIONAL DOLLARS.

>> OUR NEXT RECOMMENDATION CONCERNS IMPLEMENTATION OF THE CITY WIDE LIGHTING AND LANDSCAPING DISTRICT. THESE LIGHTING AND LANDSCAPING DISTRICTS ARE FAIRLY COMMON IN CALIFORNIA AND MAY BE CONSTRUCTED ON A CITY WIDE BASIS. TO GIVE YOU SOME BACKGROUND AND TO TALK ABOUT OUR RECOMMENDATION, OUR RECOMMENDATION IS TO PROCEED WITH FURTHER ANALYSIS AND STAKE HOLDER OUT REACH THIS STRATEGY IN SAN JOSE IS QUITE COMPLEX. WE WOULD BE LOOKING AT POLICY ANALYSIS OF THE CITY WIDE AND NONCITY WIDE OPTIONS. AND WE WILL PROVIDE AN UPDATE AND STATUS REPORT IN A 3 YEAR GENERAL FUND STRUCTURAL DEFICIT ELIMINATION PLAN. IMPLEMENTATION OF A DISTRICT LIKE THIS WOULD PROVIDE SOME CONSISTENCY AND EQUITY IN THE DELIVERY OF BASIC SERVICES. BUT IT REQUIRES THE DEVELOPMENT OF AN ENGINEER'S REPORT SO EVERY PARCEL HAS TO BE EVALUATED. THIS IS THE CHIEF COMPLEXITY EMBEDDED IN THIS RECOMMENDATION. THE ANNUAL FISCAL IMPACT COULD BE SIGNIFICANT ON THE ORDER OF 20-30 MILLION BUT IMPORTANT TO KEEP IN MIND MOST OF THAT WOULD GO TOWARDS REDUCING UNMET AND DEFERRED INFRASTRUCTURE AND MAINTENANCE NEEDS WITHIN THE BUDGET. OUR RECOMMENDATION IS TO CONTINUE TO STUDY THIS OPTION AND TO BRING BACK FURTHER DETAILS AND RECOMMENDATIONS AS PART OF THE 3 YEAR PLAN.

>> ANOTHER STRATEGY WAS TO REINSTRUCT THE BUSINESS TAX TO MODERNIZE IT AND REFLECT THE CITY'S CURRENT BUSINESS PROFILE. THE CITY'S BUSINESS TAX WAS ESTABLISH INDEED 1984 AND RATES HAVE NOT CHANGED SINCE. THE BUSINESS TAX AT THE PERCENTAGE OF THE GENERAL FUND REVENUE SINCE THEN HAS DECLINED FROM 1.9 PERCENT TO 1.2 PERCENT. HAS NOT KEPT UP IN THE SENSE OF CONTRIBUTION OF THOSE BUSINESSES WHO PATE TAX AS A PARSE KNOWLEDGE OF THE GENERAL FUND HAS NOT KEPT UP. WE IDENTIFIES 2 OPTIONS, ONE, MODERNIZE THE RATES BY INDEXING THE FEES TO THE PI WHICH WOULD DO YOU BELIEVE THE REVENUE AND BRING IN 15 MILLION A YEAR. THE OTHER IS TO RESTRUCTURE THE BUSINESS TAX FORMULA DOING RESEARCH IN HOW OTHER COMMUNITIES ARE SETTING UP THEIR BUSINESS TAX. SOME DO IT ON AN INCOME BASIS SOME BY EMPLOYEES AND SOME BY INDUSTRY TYPE. EITHER OPTION WOULD REQUIRE OUT REACH TO BUSINESSES AND BUSINESS GROUPS THERE IS NO WAY THAT COULD BE COMPLETED IN THE NEXT FEW WEEK NECESSARY TIME FOR A NOVEMBER DISCUSSION FOR YOU TO DECIDE TO PLACE IT ON NOVEMBER BALLOT. PROCEED WITH ANALYSIS, STAKE HOLDER OUT REACH. DON'T MOVE FORWARD WITH CHANGES AS A BALLOT MEASURE IN 2008 AND BRING BACK MORE INFORMATION TO YOU IN THE FINAL 3 YEAR PLAN THAT WE WILL BRING TO YOU IN NOVEMBER.

>> NEXT STRATEGY WE COVER IS THE POTENTIAL FOR INCREASE IN THE SALES TAX. IN THE CITY TO PROVIDE INCREASED GENERAL FUND REVENUES. THIS IS POSSIBLE UNDER STATE LAW FOR THE CITY TO ASK VOTERS TO APPROVE THIS AND THE BACKGROUND STEMS FROM THE FACT THAT OTHER AREAS IN THE BAY AREA DO HAVE HIGHER SALES TAX RATES. HOWEVER, THERE ARE A LOT OF COMPLEXITIES AND WITH THE STATE BUDGET BEING AMONG THEM OUR RECOMMENDATION IS TO DROP THIS FROM CONSIDERATION AT THIS TIME.

>> DURING OUR DISCUSSIONS WITH THE STAKE HOLDER GROUP THE GROUP ADD AN ADDITIONAL STRATEGY. AND THAT IS TO CONSIDER INCREASING THE NUMBER OF CARD ROOM TABLES AND OR THE CARD ROOM TAX WHICH CURRENTLY IS 13 PERCENT WITH THE POTENTIAL OF POSSIBLY RAISING IT TO 15 PERCENT. EITHER OF THE CHANGES WOULD REQUIRE VOTER APPROVAL. AND OUR RECOMMENDATION IS THAT WE PROCEED WITH FURTHER ANALYSIS AND STAKE HOLDER RESEARCH. WE KNOW THAT THERE ARE POTENTIAL IF WE INCREASE THE TAX ALONE IT WOULD BRING IN CLOSE TO 2 MILLION A YEAR. AS WE TALK ABOUT INCREASING THE NUMBER OF TABLES ALLOWED THAT WE REALIZE THAT THERE ARE A LOT OF SOCIAL ISSUES AND ISSUES AROUND CRIME AND CRIME PREVENTION RELATED TO CARD ROOMS AND FEEL THAT AGAIN THAT'S SOMETHING THAT NEEDS MORE DISCUSSION WITHIN THE COMMUNITY AND AT THE COUNCIL LEVEL PRIOR TO ANY DECISION TO PLACE ANYTHING ON THE BALLOT.

>> THE NEXT STEPS WE ARE RECOMMENDING TO YOU ARE TO COMPLETE SOME POLING AND ANALYSIS OF THE TOP PRIORITIES STRATEGIES THAT WE TALKED ABOUT THAT WOULD INVOLVE WE ARE RECOMMENDING THAT POLING FOR POSSIBLE NOVEMBER BALLOT MEASURE. AND THAT WE CONTINUE THE STAKE HOLDER MEETINGS AND OUT REACH THROUGH SEPTEMBER TO PREPARE FOR THE NOVEMBER REPORT TO YOU. YOU HOLD A SPECIAL CITY COUNCIL MEETING ON JUNE 19TH TO HEAR ANY NEW INFORMATION WE GATHERED ON THE POSSIBLE BALLOT MEASURES INCLUDING POLING RESULTS. AND I SHOULD EMPHASIZE THAT AT THIS POINT THERE IS NO, ALTHOUGH WEMENT YOU TO EXPLORE THESE WE HAVE NO INDICATION THAT THE CITY MANAGER WOULD RECOMMEND ANY OF THESE MEASURES. THIS IS STILL AN EXPLORE TORY PROCESS.

>> WERE YOU TO WANT TO PLACE ANY OF THESE MEASURES ON THE BALLOT, AUGUST FIFTH CITY COUNCIL MEETING IS YOUR LAST DATE TO DO THAT. YOU, OF COURSE, RECEIVE THE 3 YEAR STRUCTURAL BUDGET DEFICIT ELIMINATION PLAN IN NOVEMBER. AND IF YOU DO PLACE MEASURES ON THE BALLOT THAT ELECTION IS NOVEMBER FOURTH.

>> THAT COMPLETES OUR REVIEW OF THE STRATEGIES. THAT ARE CONTAINED IN THE MANAGERS BUDGET ADDENDUM NUMBER 4 AND WE ARE READY TO TAKE ANY QUESTIONS THAT YOU CENTER AND I KNOW YOU ALSO EXPECT TO HEAR FROM SOME OF THE STAKE HOLDERS THIS MORNING.

>> YES WE EXPECT TO HEAR FROM STAKE HOLDERS. I WILL FRAME UP HOW WE WILL HANDLE THIS. THIS IS A BUDGET ADDENDUM DOCUMENT WE ARE LOOKING AT. WE WILL DO THIS LIKE OUR REGULAR BUDGET STUDY SESSIONS. TALK ABOUT THE ELEMENTS OF IT THIS GETS ROLLED TO THE BUDGET WITH THE BUDGET MESSAGE TO BE VOTED ON JUNE 17TH, I THINK. AND THEN WE WILL HAVE SOME INDICATION IN THE BUDGET MESSAGE WHERE WE ARE AND THE JUNE 19TH SPECIAL MEETING IF WE NEED IT IF WE PUT THINGS ON THE BALLOT TO CONTINUE THAT PROCESS AND ULTIMATELY AUGUST FIFTH IS OUR LAST DATE TO MAKE A FINAL, FINAL, FINAL DECISION ABOUT THE BALLOT ISSUES. TODAY IT'S A STUDY SESSION TIME AND WHAT I'D LIKE TO DO IS TO TRY TO GO THROUGH EACH OF THESE 10 ITEMS TO GIVE THE COUNCIL A CHANCE TO ASK QUESTIONS, COMMENT ON THEM WHATEVER WE DO DURING BUDGET STUDY SESSIONS. AND THE QUESTION I HAVE AND I HAVEN'T HAD A CHANCE TO TALK WITH STAFF IS THE STAKE HOLDER PRESENTATIONS, I SEE BOB BROWNSTEIN IS HERE I THINK BOB WANTED TO MAKE A STAKE HOLDER PRESENTATION. I DON'T KNOW HOW MANY PEOPLE WE HAVE THAT ARE GOING TO DO THAT. BOB, ARE YOU IN?

>> OKAY. [LAUGHTER]. QUESTION IS I THINK I WOULD LIKE TO DO THAT BEFORE WE GO THROUGH THE QUESTIONS AND ANSWERS THAT WAY EVERYONE IS WELL INFORMED ON THE ISSUES. DO WE KNOW IF ED RAFT IS GOING TO COME OR OTHERS WILL PRESENT?

>> WHY DON'T WE TAKE BOB NOW. THIS IS NOT SUBJECT TO THE 2 MINUTE RULE. ONE OF THE THINGS THAT COUNCIL WANTED TO DO WAS TO HAVE A THOROUGH DISCUSSION AND NOT JUST COMMENTS. AND OUT OF THE I THINK WE HAVE 23 PEOPLE REPORTED IN THE STAKE HOLDER PROCESS.

>> WELCOME BOB.

>> THANK YOU VERY MUCH THE STAKE HOLDER GROUP IS ACTUALLY WORKING VERY CIVILLY AND SERIOUSLY, STRUGGLING TO DEAL WITH THESE ISSUES. I WANT TO MAKE A COUPLE OF POINTS. ONE IS, I'M WOULD PROBABLY BE USEFUL FOR THE COUNCIL AND THE

CITY COUNCIL AND COUNCIL TO LOOK CLOSELY AT WHO CAN MAKE THE DIFFERENT DECISIONS REGARDING THESE REVENUES. FOR EXAMPLE, CNC, BEING SPECIALIZED IN TERMS OF WHERE THE MONEY GOES IS A 2 THIRDS VOTE. MODERNIZING UTILITY TAX AS A GENERAL REVENUE IS A MAJORITY VOTE. IT'S MY UNDERSTANDING FROM STAFF PRESENTATIONS AT THE STAKE HOLDER MEETINGS THAT RAISING THE PARKING RATES AT RDA AND CITY OWNED LOTS IS SIMPLY A COUNCIL DISCRETION DECISION. YOU COULD DO IT AS A TAX BUT YOU COULD SIMPLY DO IT WITH A MAJORITY VOTE OF THE CITY COUNCIL. AND THAT IS AN OPTION THAT'S AVAILABLE, FOR EXAMPLE, TO HELP PAY FOR SOME OF THE AUGMENTATIONS FOR DOWNTOWN SERVICES THAT ARE IN THE CURRENT CITY BUDGET. THERE IS AN ADDITIONAL STAFF PERSON TO FUNCTION AS A LIAISON FROM DOWNTOWN BEING FUNDED BY THE GENERAL FUND THAT COULD BE FUNDED BY A SMALL INCREASE IN PARKING REVENUES COMING OUT OF CITY LOTS. THAT COULD BE DONE, I BELIEVE, BY THE CITY COUNCIL WITHOUT GOING THROUGH A BALLOT MEASURE. AND PROBABLY THE POLITICAL REALITY IS YOU CAN'T PUT A LOT OF BALLOT MEASURES ON. SOMETHING THAT COULD BE REACHED WITHOUT THE BALLOT STRATEGY IS WORTH THINKING ABOUT. THE SECOND POINT I'D LIKE TO MAKE IS THERE DOES SEEM TO BE A LOT OF INTEREST IN TERMS OF TRYING TO FIND WAYS IN WHICH THE DECISIONMAKING REGARDING ADDITIONAL REVENUES AND WHAT REVENUES ARE SPENT FOR DECENTRALIZED. PEOPLE HAD DIFFERENT PRIORITIES. DIFFERENT NEIGHBORHOODS AND COUNCIL DISTRICTS HAVE DIFFERENT PRIORITIES. AND ONE SIZE FITS ALL MAY BE DIFFICULT TO ACHIEVE. THE LANDSCAPE AND LIGHTING DISTRICT STRATEGY IS ONE THAT OFFERS NOT EASILY BUT CONCEIVABLY WAYS TO TRY IN ACHIEVE THAT KIND OF DECENTRALIZED LINKAGE BETWEEN REVENUES AND SERVICES. THAT IS THE NEIGHBORHOOD OR CLUSTER OF NEIGHBORHOODS OR COUNCIL DISTRICTS THAT REALLY CARES ABOUT SIDEWALK REPAIR COULD DO A DISTRICT THAT JUST DEALS WITH SIDEWALK REPAIR IN THAT AREA. SIMILARLY, SOME PLACE ELSE THAT CARES ABOUT LANDSCAPING OR LIGHTING THEY COULD HAVE A TAILORED DISTRICT. POLING I HAVE SEEN GENERICLY HOW PEOPLE ABOUT TAXES AND SERVICES INDICATE THERE IS AN UP SIDE FOR TRYING TO ACHIEVE THAT. THOSE AVERAGES DON'T GET YOUR 2 THIRDS VOTES. THOSE ARE OBSERVATIONS IN TERMS OF POTENTIALS IN TERMS OF SOME OF THESE IDEAS. SOME WOULD BE INNOVATIVE, THERE IS NOT A LOT OF PEOPLE DOING EXACTLY WHAT -- LANDSCAPE AND LIGHTING DISTRICT WE ARE TALKING ABOUT NEW DECENTRALIZED WAYS OF PROVIDING THESE SERVICES. THERE IS A LOT OF -- I THINK WISDOM IN TRYING TO WITH EXTREMELY INNOVATIVE CONSIDERING THE FACT THAT THE TRADITIONAL STRATEGIES FAILED TO LEAVE US IN A GOOD PLACE FISICALLY. MAY BE TRYING TO BE VERY CREATIVE MAY GET US SOME BREAK THROUGH. THANK YOU VERY MUCH.

>> THANK YOU, BOB. THANKS FOR PARTICIPATING IN THE STAKE HOLDER GROUP. WE HAVE ANOTHER MEMBER OF THE STAKE HOLDER GROUP. LORI BIRD WOULD LIKE TO TALK AS WELL. LORI, THANK YOU FOR INCOME THE GROUP AND PUTTING IN THE EXTRA HOURS.

>> THANK YOU VERY MUCH. I WANTED TO MAKE A FEW GENERAL COMMENTS FIRST OF ALL, I THINK THAT THE STAKE HOLDER GROUP HAS BEEN A GREAT OPPORTUNITY AND UNDER COUNCILMEMBER CONSTANT'S GUIDANCE WE HAVE HAD THOUGHT PROVOKING AND PRODUCTIVE MEETINGS. I THINK THIS HAS BEEN REALLY A GREAT EFFORT. AND ALSO TO ECHO ON THE COMMENTS EARLIER, THE CITY STAFF HAS DONE A TREMENDOUS JOB IN THEIR EFFORTINGS IN BRINGING FORTH AND EDUCATING US. THESE ARE NOT EASY TOPICS A LOT OF THE FOLKS TO RIGHT HERE HAVE DONE A TREMENDOUS JOB AND PUT IN A LOT OF TIME ON THEIR OWN TO HELP EDUCATE US. THAT'S BEEN REALLY GREAT. I WANTED TO ECHO ON A COUPLE OF COMMENTS, FOR EXAMPLE, THAT WERE MADE AS FAR AS LANDSCAPING AND LIGHTING. THAT IS A GREAT OPPORTUNITY TO TRY A PILOT OR SOMETHING NEW AND DIFFERENT WHERE WE ARE NOT TRYING TO GET APPROVAL ACROSS THE ENTIRE CITY BUT WE KNOW THERE ARE POCKETS OR DISTRICTS THAT MAY APPROVE THIS AND THAT COULD BE USED AS A STARTING POINT FOR SOMETHING MUCH GREATER. I THINK THERE IS OPPORTUNITIES THERE. I DID ALSO WANT TO MENTION BRIEFLY ON THE CONVEYANCE TAX, THAT WAS ELUDED TO EARLIER ABOUT ONE OF THE COMMENTS THAT WAS MADE IN ONE OF OUR MEETINGS, ABOUT IT IS UNUSUAL IF SOMEBODY IS GOING THROUGH A HOUSE PURCHASE WHEN THEY GET TO THAT FINAL BIG PAY OUT WITH THE BIG

CHECK AT THE END TO SAY, MY GOSH, THE CONVEYANCE TAX IN SAN JOSE IS HALF A POINT DIFFERENT IN SANTA CLARA I WILL FORGET ABOUT BUYING IN SAN JOSE AND BUY IN SANTA CLARA. IT'S UNLIKELY SOMEBODY WILL DO THAT I DO THINK THE CONVEYANCE TAX IS ONE OF THOSE THAT DOES REPRESENT A REAL OPPORTUNITY FOR US. WHERE AS WHEN WE LOOKED AT BUSINESS TAXES WHERE PEOPLE ARE MAKING DECISIONS ON BUSINESS TAXES WHETHER TO LOCATE IN SAN JOSE OR CLOSE BY LIKE IN SANTA CLARA AND IT'S CHEAPER THERE THEY MAY BE GO TO A DIFFERENT CITY. THOSE ARE THE COMMENTS I WANTED TO MAKE. THANK YOU VERY MUCH IT'S BEEN MY PLEASURE TO SERVE ON THIS TASK FORCE AND I HAVE ENJOYED IT. THANK YOU.

>> THANK YOU.

>> ANY OTHER STAKE HOLDERS OR GROUP MEMBERS HERE? WELL LET'S COME BACK FOR COUNCIL QUESTIONS AND DISCUSSION. I HAD A COMMENT TO BEGIN WITH LOOKING AT THE POLE THAT WAS DONE SCIENTIFIC SURVEY IN JANUARY, AND THIS IS RELEVANT TO ALL OF OUR DECISIONMAKING THAT WE ASKED OUR RESIDENTS WHAT THEY PREFER IN TERMS OF HOW TO SOLVE OUR PROBLEMS. CHANGING MODES OF SERVICE DELIVERY. CHANGING THE WAY THE CITY PROVIDES SERVICES TO REDUCE COST WAS THE FIRST CHOICE BY 67 PERCENT. RAISING TAXES OR FEES TO FUND CITY SERVICE WAS 16 PERCENT. AND ELIMINATING CITY SERVICES WAS 10 PERCENT FIRST CHOICE. WE CLEARLY NEED TO LOOK AT CHANGING THE WAY WE PROVIDE SERVICE TO REDUCE COST IN AND OF ITSELF. ALSO IF WE HAVE A MEASURE ON THE BALLOT NOVEMBER OR ANY OTHER TIME, THAT'S A FACTOR IN HOW WELL BE RECEIVED AND THE SUPPORT WE CAN GET FROM THE PUBLIC. IT'S IMPORTANT NOT TO LOSE TRACK OF THE THINGS WE HAVE ALREADY DONE TO CHANGE THE WAY WE DO BUSINESS BECAUSE WE DO HAVE THINGS THAT ARE OF REDUCED COST AND DOING THINGS TO REDUCE COST. WE ARE NOT WAITING. BUT I DON'T KNOW WHO'S KEEPING THE LIST BUT WE NEED TO. AND I WOULD PUT, YOU KNOW, AT THE TOP OF MY LIST JANE LIGHT AND THE LIBRARY. IF YOU LOOK AT EXPANSION OF THE LIBRARY SYSTEM AND THE EXPANSION OF CIRCULATION AND LOOK AT THE NUMBER OF EMPLOYEES, WE CLEARLY CHANGED THE WAY WE DELIVER SERVICES THERE TO REDUCE THE COST. THAT'S A GREAT EXAMPLE OF THINGS WE CAN DO. WE NEED TO HAVE THOSE STORIES ESPECIALLY IF WE ARE IN AN ELECTION OVER A TAX INCREASE. IT'S IMPORTANT TO OUR PEOPLE THAT WE DO EVERYTHING WE CAN BEFORE WE ASK FOR ADDITIONAL FUNDING. WITH THAT, LET'S SEE, WHAT QUESTIONS, COUNCIL MEMBERS WOULD LIKE. I'D LIKE TO TAKE THESE ONE TOPIC AT A TIME IF WE CAN. AND SEE IF FIRST ON THE RESEARCH AND POLING ON A VARIETY OF MEASURES. THAT WE MIGHT CONSIDER PUTTING ON IN NOVEMBER. THERE ARE 3 RECOMMENDATIONS THE CONVEYANCE TAX, VEHICLE RENTAL TAX, MODERNIZING TELEPHONE USER'S TAX. WE WILL TALK ABOUT THOSE FIRST AND GO THROUGH THESE ONE BY ONE. COUNCILMEMBER LICCARDO.

>> COUNCILMEMBER CONSTANT. WHO BY THE WAY IS CHAIRING THE COMMITTEE. AND APPARENTLY YOU ARE DOING A GOOD JOB, PETE.

>> WE WILL SEE AS IT GOES ALONG. FIRST OFF I WANTED TO THANK YOU, MAYOR FOR NOT ONLY CREATING THIS GROUP AND THE B SIDE GROUP BUT LETTING ME BE A PART OF BOTH. IT'S AN ENLIGHTNING EXPERIENCE. I WANT TODD THANK NOT ONLY STAKE HOLDERS THAT SHOWED UP TODAY BUT OTHER 20 SOMETHING PEOPLE WHO HAVE BEEN COMING HERE AND SPENDING HOURS DEBATING AND ARGUING OVER THESE PROPOSALS. IN ALL OF THE DISCUSSIONS OF THE STAKE HOLDER GROUP ARE IN THIS MBA NUMBER 4. I ENCOURAGE MY COLLEAGUES TO LOOK AT THE BACK PORTION OF THIS WHERE IT GOES INTO DETAIL NOT ONLY THE ADVANTAGES BUT THE CONCERNS FROM ALL OF THE DIFFERENT STAKE HOLDER GROUPS AND IT PROVIDES A THOUGHTFUL ANALYSIS ON WHERE WE SHOULD BE CONCERNED TO LOOK IN MORE DEPTH. I THINK WHAT IS REALLY TELLING IS THE LAST PAGE AS THE RED, GREEN, BLUE ARROWS WHERE YOU GET A CONCISE VERSION OF HOW THE LEVEL OF SUPPORT FOR EACH OF THE ITEMS ARE. AS FAR AS THE PARTICULAR 3 MEASURES THAT YOU JUST TALKED ABOUT. ONE OF THE MOST IMPORTANT ONES WE LOOK AT IS MODERNIZING THE UTILITY USER'S TAX IN TELEPHONES WITH THE FACT THAT MANY DON'T HAVE LAND LINES IN THEIR HOMES. AND DO THEIR LIFE BY CELL PHONE OR THE EVER INCREASING AMOUNT OF BUNDLED SERVICE THE TRIPLE PLAY SERVICES WITH PHONE, INTER~ NET AND CABLE TV ALL COMING TOGETHER. PEOPLE

MOVED TO THE IP BASED PHONES LIKE WITH THE CITY. BECAUSE OF THE WAY OUR ORDINANCE IS STRUCTURED AND WRITTEN WE CAN'T ADEQUATELY ADDRESS THOSE AS WE DO THE REGULAR LAND LINES. OF EVERYTHING WE LOOKED AT, I THINK IT IS BY FAR THE LOWEST HANGING FRUIT AS FAR AS GETTING A TAX MEASURE PASSED BY THE PEOPLE. THAT'S MY COMMENTS.

>> COUNCILMEMBER PYLE.

>> I WOULD AGREE WITH THAT LAST COMMENT AND I WOULD LIKE TO SAY, TOO, THAT IN REFERENCE TO THAT THAT IS A BALLOT ITEM, IS IT NOT?

>> BECAUSE OF THAT I'M NOT SURE I WANT TO DISCUSS THIS NOW. I THINK THOSE ITEMS SHOULD STAY UNTIL WE EXHAUSTED ALL OTHER ITEMS. THAT'S ALL I NEED TO SAY.

>> OKAY. HAD A COUPLE OF COMMENTS ON THAT. I THINK WE SHOULD LOOK AT THESE. WE ALSO HAVE A COUPLE OF OTHERS I THINK WE HAVE TO LOOK AT IN THIS SAME TIME PERIOD. IF YOU ARE GOING TO DEAL WITH THE CARD ROOMS UNDER ITEM 10 AND THAT'S GOING TO GO TO THOSE ARE ALL BALLOT ITEMS WE SHOULD BE DOING THAT ANALYSIS AND MAY BE THAT NEEDS TO BE INCLUDED IN THE POLING AS WELL. AND ON TUESDAY WE WILL BE DISCUSSING IN CLOSED SESSION THE 911 FEE, WHICH I UNDERSTAND UNION CITY IS TRYING TO TAKE TO THE CALIFORNIA SUPREME COURT. WE MAY NEED TO INCLUDE THAT IN THE POLING BECAUSE IF WE WANTED TO PUT THAT ON THE BALLOT IN NOVEMBER WE HAVE TO MAKE THE DECISION IN THE SHORT TIME FRAME.

>> THERE WERE NO DOLLAR VALUES ATTRIBUTAL TO THIS DO WE HAVE AN IDEA WHAT WOULD BE PRODUCED?

>> COUNCILMEMBER PYLE, I THINK WE HAD AN ESTIMATED RANGE FOR EACH OF THESE. LIKE FOR THE CNC, BECAUSE THAT VARIES SO MUCH AT THE MOMENT CNC IS AT A LOW. 50 PERCENT INCREASE WOULD BE 12 MILLION WHEN THE REAL ESTATE TRANSACTIONS ARE HIGHER THERE WOULD BE MORE INCOME. NOW IT'S 12 MILLION. FOR THE UTILITY USER'S TAX PHONE THAT WOULD BE 1-2 MILLION A YEAR. THE OTHER ONES THEY WERE -- THE PARKING TAX, I THINK WE SAID DEPENDING ON HOW YOU DID PARKING 4-7 MILLION. AND THE LAST ONE WAS THOSE WERE THE 3 WE WERE LOOKING AT. THOSE WERE THE RANGES POTENTIALLY. THE BUSINESS TAXES WERE SUGGESTING YOU DEFER CONSIDERATION OF KKDZ COULD BE AS M AS 14-15 MILLION A YEAR.

>> THANK YOU.

>> THE CONVEYANCE ONE WOULD TAKE A 2 THIRDS VOTE THE OTHERS TAKE 50 PERCENT PLUS 1.

>> COUNCILMEMBER WILLIAMS.

>> THANK YOU, MR. MAYOR. LET ME ASK THE QUESTION IN TERMS OF THE RECOMMENDATIONS THAT HAVE BEEN MADE, WHAT'S THE IMPACT ON THE INFRASTRUCTURE DEBT AS WE KNOW IT? IF I HAD ALL OF THE REVENUES AVAILABLE TO ME, HOW MUCH DOES IT REDUCE THE INFRASTRUCTURE DEBT?

>> LET ME TRY TO TAKE A STAB AT THAT JENNIFER MC GUIRE FROM THE BUDGET OFFICE THE STRUCTURAL DEFICIT IS 137 MILLION OVER THE NEXT 4 YIERS, WITH THE BUDGET ACTION PROPOSED IN THE OPERATING BUDGET THAT HAS BEEN BEFORE YOU THE LAST 2 WEEKS THE DEFICIT IS 115 MILLION. I WAS DOING QUICK MATH AND LOOKING AT THE LOW AND HIGH RANGE OF ALL OF THE 10 MAJORS THAT ARE BEFORE YOU TODAY THAT COULD IMPACT THAT 115 MILLION BY ABOUT BETWEEN 58 MILLION AND 76 MILLION IF YOU LOOKED AT ALL THE MAJORS THERE ARE MORE RESEARCH THAT WILL GO ON. THE RANGE IS BETWEEN 58 AND 76 MILLION, APPROXIMATELY.

>> YOU ARE IMPACTING IT. NOT A LOT OF WORK IN A SMALL AMOUNT OF RETURN. THE POINT YOU GET WHERE YOU GET [INAUDIBLE] AND IT'S PAIN FOR SMALL GAIN -- AT THE POINT WHERE YOU ARE ACTUALLY MAKING HEADWAY WITH THESE RECOMMENDATIONS? THERE WAS A QUESTION THAT I HAD PRIMARILY ABOUT THE CARD TABLES INCREASE. COULD YOU GIVE ME, THERE HAS BEEN A LOT OF CONTROVERSY AROUND THAT. WHAT LEAD TO US -- IT WAS 134G WE NEED TO LOOK AT THAT'S MY SENSE OF SAYING -- WHY WE WOULD INCREASE IT.

>> COUNCILMEMBER WILLIAMS, I THINK IT WOULD BE FAIR TO SAT STAKE HOLDER GROUP IS LOOKING AT THE ISSUE OF HOW TO CLOSE THE STRUCTURAL DEFICIT GAP. THEY ARE LOOKING AT INCREASED CITY REVENUES AND SAW THIS AS AN OPPORTUNITY. BUT THE

GROUP RECOGNIZES AS DOES YOUR STAFF THIS PARTICULAR ISSUE HAS MANY QUESTIONS OF SOCIAL POLICY. AND THAT I THINK THE STAKE HOLDER GROUP DID UNANIMOUSLY SAY, THIS IS SOMETHING WE SHOULD CONSIDER DIDN'T RECOMMEND DOING IT IMMEDIATELY BUT SHOULD BE ON THE TABLE AND ACKNOWLEDGE IS A COMPLEX ISSUE.

>> OKAY. FINALLY ON THE CABLE COMPANIES, THE TELEPHONE AS WELL AS THE CABLE. I MEAN -- LIGHT SPEED AND ALL THE OTHER NEW FUNCTIONS THAT ARE COMING, IS THAT INCLUDED IN THE EMERGING TECHNOLOGY PORTION YOU HAVE ON THE SHEET HERE? THEY NEED TO PARTICIPATE. THEY HAVE NOT BEEN PARTICIPATING THEY HAVE BEEN GETTING AWAY WITH MANY THINGS.

>> OUR EXERT IS NOW HERE, YES, IF WE MODERNIZE IT WILL ALLOW US TO LOOK AT THE SORTS OF SERVICES AND GET UTILITY USER TAX FROM THEM.

>> I DON'T MEAN SMALL AMOUNTS TO PAY THEIR FAIR SHARE, WE DON'T HAVE CONTROL OVER THEM. WE CAN'T DO ANYTHING BUT THEY ARE BENEFITTING EXTREMELY WELL. THEY SHOULD HAVE A SOCIAL RESPONSIBILITY TO HELP US WE GIVE THEM THEIR RIGHT-OF-WAYS. WE ALLOW THEM TO BE HERE. TO PARTICIPATE. AND AWFUL THOSE THINGS AND WE STRUGGLE. ITS TIME, IF WE CAN FIND A WAY TO GET THE MEASURE OF GET AN EXTRACTION FROM THE MEASURE THEY BENEFIT FROM THE CITY. THEY BENEFIT VERY WELL. MR. MAYOR AND MEMBERS OF COUNCIL SCOTT JOHNSON DIRECTOR OF FINANCE. IN THE MODERNIZATION PREFL WE ARE SUGGESTING EXACTLY THAT. LOOKING AT. PROET KOOL COLLOOKING AT INTERSTATE AND OUST STATE PHONE CALLS AND LOOKING AT THE OPPORTUNITY TO LOOK AT A UTILITY USER TAX FOR CABLE. CABLE WE GET A FRANCHISE FEE.

>> RIGHT.

>> WE ARE LOOKING TO EXTEND THAT WITH THE CABLE SO WE CAN GET A BETTER SENSE OF THAT WHEN WE DO THE POLING.

>> YOU KNOW DO WE HAVE TO IS THAT A TAXATION OR DO WE GET A VOTE OR CAN WE INITIATE THAT? OURSELVES? AS A CITY?

>> WELL --

>> YOU NEED VOTER APPROVAL FOR ANY TAX INCREASE OR MODIFICATION TO THE TAX WILL REQUIRE VOTER APPROVAL. THIS IS A GENERAL TAX ONLY REQUIRES A MAJORITY VOTE. I DO WANT TO SAY THAT THE CABLE MIGHT BE MORE TRICKY. WE DON'T CURRENTLY TAX CABLE. WE HAVE A 5 PERCENT FRANCHISE FEE. THE WAY WE GOT OUR MONEY FROM THE CABLE COMPANIES WAS FROM FRANCHISE FEES WE HAVE TO LOOK AT WHETHER OR NOT WE CAN GO BEYOND THAT. THE ALTERNATIVE, THE PHONE COMPANIES WE CAN'T FRANCHISE SO WE TAX THEM. ISSUE IS TELEPHONE COMMUNICATIONS HAS CHANGED SO DRAMATALLY WE ARE TRYING TO CAPTURE THE MODERN WORLD.

>> I'M JUST SAYING WE SHOULD EXPLORE THE THINGS WE HAVE NOT DONE BEFORE TO FIND OUT WITH ALL OF THE CHANGE THAT IS GOING ON IN THE WORLD, CAN WE? I THINK WE SHOULD STEP UP AND TRY BECAUSE I'M NOT -- FOR GOUGING OR ANYTHING, I JUST WANT PEOPLE TO TAKE THEIR FAIR LOAD AND GET ALONG WITHOUT WHAT THEY SHOULD DO.

>> COUNCILMEMBER, WANT TO MAKE CLARIFICATIONS THE REVENUE NUMBER THE 1-2 MILLION DID NOT INCLUDE CABLE. IF WE DID THAT WOULD BE ADDITIONAL REVENUE. THE OTHER THING I WANT TO MENTION IS THAT THE OTHER REASON WHY WE'RE PROPOSING MOVING FORWARD WITH THIS INITIATIVE IS ON THE TELEPHONE, THE CABLE, THE CELL PHONE, THERE IS ONE CELL PHONE COMPANY THAT THERE IS LITIGATION RELATED TO THAT. ONE OF THE THINGS WE WANT TO DO IS PRESERVE OUR CURRENT REVENUE RELATED TO THE TELEPHONE UTILITY TAX.

>> THANK YOU FOR THE WORK. I KNOW IT'S NOT EASY BUT I THINK WE JUST HAVE TO DO SOMETHING DIFFERENT THAN WE HAVE DONE IN THE PAST. WE GOTTA DO THAT IF WE ARE GOING TO BE SUCCESSFUL SO THANK YOU.

>> COUNCILMEMBER LICCARDO.

>> THANK YOU, MAYOR. LOOKING AT PAGE 13 OF THE REPORT AND SDUGS OPTION A ON UUT RATES. HELP ME UNDERSTAND THE NUMBERS I'M ASSUMING THIS IS A TYPO WHERE IT SAYS OPTION A.

>> LATE LAST NIGHT WHEN I FINISHED PARTYING I REREAD THE MEMO AND REALIZED I SHOULD HAVE REREAD IT ONE MORE TIME OPTION A THERE IS A TYPO ERROR SAYS WE COLLECTED 7.1 MILLION I BELIEVE THAT'S 79.1 MILLION.

>> I DO AGREE WITH LOW HANGING FRUIT WE SHOULD BE PURSUING. I HAD A COUPLE OF OTHER CONCERNS WITH REGARD TO THE PARKING TAX, CURRENTLY WE ARE ALREADY GOING TO BE INCREASING OUR FEE ON CITY OWNED LOTS FROM 2 TO 3 DOLLARS AT NIGHT TIME STARTING JANUARY OF 09. THAT'S SOMETHING WE CAN DO WITHOUT A VOTE AND WITHOUT A LOT OF PAIN. I'M A LITTLE CONCERNED ABOUT WITH THE IMPLICATIONS OF AN ADDITIONAL TAX MIGHT BE ON BUSINESS ACTIVITY. OR THAT'S ON RENTAL CARS AND THE IMPACT ON LARGE CORPORATE USERS AT THE AIRPORT OR PARKING IN THE DOWNTOWN OR OTHER AREAS WHERE WE ARE TRYING TO ATTRACT CORPORATE TENANTS AND RETAIL ACTIVITY. I'M MORE HESITANT ON THOSE ISSUES BECAUSE I THINK MAY BE AT ODDS WITH OUR GENERAL ECONOMIC DEVELOPMENT GOALS, WHICH ULTIMATELY COULD BE SELF DEFEATING. BUT OBVIOUSLY, MUCH DEPENDS ON HOW WE EVALUATE WHAT THE IMPACTS WILL BE ON THE TAX OF THE ACTUAL PRICE AND HOW CONSUMERS WILL RESPOND. I WOULD BE INTERESTED IN THOUGHTS YOU HAVE IN WHAT WE KNOW ABOUT THE ELASTICITY ABOUT THE DEMAND OR OTHER INFORMATION YOU HAVE WITH THE FEES OR RENTAL CAR.

>> WE DON'T HAVE NCHGZ ON THE ELASTICITY. WE DO KNOW THAT EVERY OTHER MAJOR CITY WITH A MAJOR AIRPORT DOES LEVY SOME PARKING TAX EXCEPT SAN JOSE. THAT WOULD REALLY ONE OF THE THINGS THAT DROVE WAS TO SUGGEST THIS IT'S FAIRLY COMMON IN CITIES WHICH HAVE MAJOR AIRPORTS.

>> AND I APPRECIATE THAT. I THAT POINT AM WELL TAKEN. CONCERN I HAVE IS SINCE 2001, OUR SHARE OF THE BAY AREA AIR TRAFK HAS DROPPED. OAKLAND'S INCREASES AND SAN FRANCISCO LEADS THE PACK. IT MAY BE THE CASE WE OFFER EVERYBODY A BETTER DEAL BUT WE MAY HAVE TO THE POINT IS WELL TAKEN I DON'T WANT TO GET CAUGHT UP IN, WELL ARTH CITY IS DOING IT SO LET'S DO IT.

>> THANK YOU. COUNCILMEMBER LICCARDO, I THINK IT MIGHT BE HELPFUL AS A POINT OF INFORMATION TO SHARE THE ANALYSIS ON WHAT THE LIKELY SOURCES WILL BE ON THE TAX IF IT WERE IMPLEMENTED AT 10 PERCENT. THAT WAS ESTIMATED AT 5 MILLION DOLLARS A YEAR IF IT WERE DONE ON THE CITY AND REDEVELOPMENT OWNED PROPERTIES. AND AS POINTED OUT THE FUNDING WOULD COME FROM THE AIRPORT ABOUT 70 PERCENT OF THAT WOULD COME FROM THE AIRPORT. SECOND HIGHEST WOULD BE THE CITY OWNED LOTS IN DOWNTOWN, WHICH WOULD BE 18 PERCENT. AND THEN THIRD WOULD BE THE ARENA ITSELF. WE ARE BASICALLY TAKING A GUESS SINCE WE DON'T HAVE HARD NUMBERS ON THE ARENA PARKING REVENUE. REDEVELOPMENT AREA LOTS DOWNTOWN 4 PERCENT AND THE LAST PEEZ PIECE WOULD BE REGIONAL PARKS. IT WOULD BE SPREAD OVER A NUMBER OF SOURCE THE POINT ON ELASTICITY IS WELL TAKEN AS WELL.

>> THANKS ED. I UNDERSTAND THEY ARE NOT EASY ISSUES AND DON'T EXPECT PEOPLE TO JUST HAVE THE ANSWERS BECAUSE THEY ARE NOT EASY TO FIGURE OUT AND IT TAKES TIME. THE ONLY OTHER CONCERN I HAVE IS TERMS OF INCREASING THE CONVEYANCE TAX, I WOULD IMAGINE THAT IN CURRENT ECONOMIC CLIMATE OUR POLING DATE WILL NOT REFLECT PEOPLE ARE PER SPEPT SEPTIVE ON INCREASING THAT TAX ESPECIALLY HOMEOWNERS. IT'S A TOUGH TIME TO IMPOSE THAT TAX MAY BE 2010 IS A BETTER TIME. IT IS A 2 THIRD'S VOTE ISN'T IT?

>> GIVEN WHERE PEOPLE'S PRIORITIES ARE IN TERMS OF SPENDING, STREET MAINTENANCE AND POLICE AND PUBLIC SAFETY SOMETHING THAT CAN GET US IN THE 60'S. I'M GUESSING PARK MAINTENANCE WILL NOT GET US TO THAT LEVEL. THAT WOULD MAKE THAT VIABLE.

>> COUNCILMEMBER OLIVERIO.

>> THANK YOU MAYOR. WE JUMPED ON ALL TOPICS, RIGHT ISN'T I'M TRYING TO STICK TO THE FIRST ONE, THE TAX ISSUE AND THAT'S WHERE WE ARE. I KNOW OTHERS. SOLELY ON THE CONSTRUCTION CONVEYANCE. ALL OF THE TAX ISSUES WE WILL CONSIDER IN THE NEXT 3 WEEKS. QUICKLY ON THE POLING DATA WE WILL POLE LIKELY VOTERS NOT JUST THE DEMOGRAPHICS OF SAN JOSE RIGHT. THE ONLY GREEN TAX IS THE UTILITY FEE? THE ONLY THING THAT PERSUADE THE BEHAVIOR? I THINK THAT LOOKING AT A UTILITY TAX JUST

FOR POLICE SO WE ARE NOT ALWAYS HITTING PROPERTY ORDINANCE. HAVING ATTENDED THE STAKE HOLDER'S MEETINGS, THE SENTIMENT THAT CAME OUT THE STAKE HOLDERS ARE CITIZENS THAT ARE NOT POLITICAL AND NOT HAVING TO DEAL WITH THE PUBLIC THE ISSUE OF CARD ROOMS TO THEM IS TO INVESTIGATE IT BECAUSE THEY FEEL REVENUE CAN BE RAISED. THEY DON'T HAVE TO DEAL WITH THE POLITICS OF THE ISSUE. I THINK THAT'S WHY WE HAVE THIS GROUP BECAUSE WE ARE A POLITICAL BODY. I DON'T THINK WE ALWAYS HAVE THE ABILITY TO MAKE THE BEST DECISION BECAUSE WE HAVE A CONSTITUENCY THAT COME WITH PITCH FORTS THAT THES WHY WE NEED A GROUP TO COME WITH US ON HEAVY RECOMMEND AGSZ. LANDSCAPE AND LIGHTING MAKES SENSE. RENTAL CAR, DO WE CHARGE TODAY WHEN I RENT A CAR IN SAN JOSE?

>> WE DO CHARGE A CUSTOMER CHARGE WHICH IS AN AIRPORT SPECIFIC SOURCE.

>> HOW MUCH IS THAT?

>> CURRENTLY IS GOING UP I THINK IT WENT UP TO A LITTLE OVER 10 DOLLARS PER CONTRACT.

>> AS A BUSINESS TRAVELLER I NEVER CARED BECAUSE THE COMPANY PAID AND IT WAS A COST IF IT WENT UP A BUCK NO ONE WOULD CARE. IF I GOT TO RENT A CARE I GOTTA RENT A CAR YOU ARE STUCK. THE SENTIMENTS OF MY DISTRICT IS THAT THERE IS AN ANTITAX SENTIMENT BECAUSE THEY WANT A DIFFERENT SERVICE DELIVERY MODEL. THAT'S SOMETHING WE HAVE TO ENCOUNTER WHEN WE ARE LOOKING FOR THE TAXES THEY ARE LOOKING FOR US TO DO SOMETHING WHETHER THEY HAVE AN EDUCATED VIEWPOINT OR DON'T THAT'S THE ENVIRONMENT WE HAVE TO WORK IN.

>> COUNCILMEMBER NGUYEN.

>> THANK YOU. A COUPLE OF QUESTIONS ON THE PROCESS. IT STATE IN HERE TELL TAKE A MONTH TO COMPLETE THE POLLING. IS THAT REALISTIC? DO WE HAVE TIME TO DO ACCURATE NOT ACCURATE BUT SCIENTIFIC POLLING WITH THAT TIME FRAME?

>> WE THINK SO.

>> OKAY. AND THEN IN REGARDS TO THE CARD ROOM TAX, IF WE ARE GOING TO INCREASE IT FROM 13 TO 15 IT'S GENERATING 1.8 HOW MUCH ARE WE GENERATING NOW WITH 13 PERCENT?

>> 12 MILLION ANNUALLY.

>> OKAY. AND THEN I KNOW THAT WE ARE DOING THE ANALYSIS AND THE RESEARCH BUT IF WE ARE GOING TO GO WITH THE ROUTE OF INCREASING THE NUMBER OF [INAUDIBLE] THAT'S UP TO COUNCIL DISCRETION; IS THAT CORRECT?

>> I BELIEVE IT REQUIRES A VOTE. YOU HAVE TO DECIDE TO LET THE VOTERS VOTE ON WHETHER TO PERMIT THAT.

>> YEAH OUR EXISTING ORDINANCE REQUIRES VOTER APPROVAL IF THE COUNCIL WANTED TO EXTEND GAMING IN THE CITY OF SAN JOSE. ADDING TABLES IS THE EXPANSION OF GAMING. AND SO THERE HAS BEEN TALK OF AN INITIATIVE BY THE CARD ROOMS TO PUT A MATTER ON THE BALLOT THE COUNCIL CAN ALSO DO IT AS WELL.

>> OKAY. I WANT TO BE CLEAR, IF WE ARE INCREASING THE TAX ON 13-15 PERCENT WE RETIRE VOTER'S APPROVAL. BUT IF WE EXPAND THE TABLES WE NEED VOTER APPROVAL AS WELL?

>> RIGHT UNDER ANYTHING WHETHER YOU WANT TO EXPAND THE NUMBER OF TABLES OR INCREASE THE TAX.

>> HERE ARE MY COMMENTS. I HAVE GREAT CONCERNS ABOUT THAT. SIMPLY BECAUSE OBVIOUSLY WE KNOW THE ISSUES OF GAMBLING WILL CAUSE SOCIAL PROBLEMS IN MY DISTRICT. THIS WOULD NOT GO WELL WITH THE RESIDENT. I'M OPEN TO THE IDEA OUR STAFF DOING THE ANALYSIS BUT AT A TIME LIKE THIS COME WHEN THE ECONOMY IS DOWN AND THINGS ARE NOT WORKING OUT WELL FOR RESIDENTS THIS IS NOT WHAT WE WANT TO TALK ABOUT AND ENCOURAGEURE RESIDENTS OF BEING SUPPORTIVE. THOSE ARE MY THOUGHTS.

>> COUNCILMEMBER CHIRCO.

>> I LIKE COUNCILMEMBER OLIVERIO IS THIS A TACK ISSUE OR NOT. IT HAS TO DO WITH LANDSCAPING DISTRICTS THE COUNTY DID A LIGHTING DISTRICT AND DID IT COUNTY WIDE AND LOST OF THE THERE WAS OUT CRY LIE POCKETS IN THE URBAN AREA THAT WANTED AND NEEDED THE LIGHTING. THEY REDID IT AND PASSED IN THE URBAN AREAS WHERE

THEY WANTED IT. IN LINE WITH WHAT BOB MENTIONED BY TAILERING IT TO INDIVIDUAL COMMUNITIES THAT WAS AN EXAMPLE THAT I REMEMBER AND IT REALLY HAD TO BE TAILERED TO THE INDIVIDUAL COMMUNITY TO PASS AND DID PASS. THIS IS A MODEL THAT MIGHT BE HELPFUL.

>> JIM, DIRECTOR OF TRANSPORTATION THANK YOU COUNCILMEMBER CHIRCO. AS A CORE TEAM LEADER WITH THE CITY STAFF AND GOING TO THE OUT REACH MEETINGS WITH THE COMMITTEE, WE HEARD VERY CLEARLY SOME OF THE PERSPECTIVES, THEY VOTED UNANIMOUSLY FOR US TO CONSIDER TO EXPLORE THIS FURTHER MUCH THE 4 AREAS WE WERE FOCUSING ON SIDEWALKS, TREES, MEDIAN LANDSCAPING AND LIGHTING DO HAVE CONDITIONS ACROSS THE CITY. IN SOME AREA WE HAVE COMMERCIAL AREAS THAT ARE FOCUSED ON MEEDIANS. SOME ARE FOCUSED ON FOOR POOR LIGHTING. WE ARE LOOKING AT CITY WIDE OR SMALLER PILOT TEST AREAS.

>> CITY ATTORNEY.

>> I WANT TO COMMENT A COUPLE OF THINGS, ONE, THE IDEA OF THE LANDSCAPE AND LIGHTING DISTRICT YOU ARE FAMILIAR WITH THE OPEN SPACE AUTHORITY THAT ISSUE IS PENDING IN THE SUPREME COURT AS WE SPEAK. WHETHER OR NOT YOU CAN HAVE A GENERALIZED BENEFIT AND SAY IT'S A SPECIAL BENEFIT. THE LOWER COURTS UPHELD THE ASSESSMENT BUT THE SUPREME COURT IS REVIEWING THAT AND SHOULD HAVE A DECISION IN THE NEXT 75 DAYS. THAT WOULD BE RELEVANT TO WHETHER OR NOT THE SUCCESS WE HAVE ON THE CITY WIDE BENEFIT OR HOW WE MIGHT HAVE TO STRUCTURE THAT. MAY BE WE HAVE TO TREAT DIFFERENT DISTRICT DIFFERENTLY. THAT'S SOMETHING THAT'S PART OF THE ANALYSIS MUCH THE OTHER THING WAS MENTIONED BY ANDY THE CAR RENTAL TAX IS SUBJECT TO LEGAL REVIEW. WE LOOKED AT THAT AND PREEMPTED UNDER STATE LAW. WE CAN STRUCTURE SOMETHING THAT IN THE BUSINESS TAX CONTEXT IT WOULD TAX RENTAL CAR COMPANIES BUT PREEMPTED FROM TAXING THE TRANSACTION ITSELF.

>> THANK YOU I HAD ONE OTHER COMMENT IN THIS AREA. THERE WERE SEVERAL TAX MEASURES ON THE BALLOT IN THE LAST CYCLE IN SOUTHERN CALIFORNIA MOSTLY. AND I KNOW LOS ANGELES HAD A REAL BIG ONE ON BUT I THINK IT START THE OUT, SHALL THE TAX BE REDUCED IS THE OPENING ONE THAT WAS APPROVED. THEY REDUCED THE TAX AND BROADENED THE TAX AND THIS PROCESS OF MODERNIZING I THINK WE HAVE TO CONSIDER REDUCING PARTS OR DO SOMETHING BECAUSE THAT SEEMS TO HAVE BEEN POPULAR RAISING IN SOUTHERN CALIFORNIA ELECTION. AND I DON'T KNOW HOW THAT FITS INTO THAT BUT I THINK IT'S IMPORTANT TO TRY TO FIGURE OUT HOW TO DO IT. COUNCILMEMBER CONSTANT. I WANTED TO TOUCH ON THE UTILITY USER TAX AGAIN. ONE OF THE MOST APPEALING THINGS ON THIS MEASURE IS IT'S NOT A NEW TAX OR INCREASING OF TAX. THAT WILL BE UNDERSTOOD BY THE VOTERS AND I THINK THEY WILL BE RECEPTIVE TO THAT ESPECIALLY TO THOSE WHO ARE STILL CONTINUING TO USE THE OLDER TECHNOLOGIES THAT ARE PAYING THE TAX WHILE OTHERS ARE NOT. THAT'S THE MAIN REASON I THINK IT WILL HAVE THE SUCCESS.

>> THAT COULD BE CLOSING A LOOPHOLE. COUNCILMEMBER LICCARDO.

>> I AGREE AND IT COULD COUCH IT IN TERMS OF FAIRNESS. MAYOR, I THINK THAT THE TAX MEASURE YOU WERE REFERRING TO IN L.A. RELATED TO 911 FEE. AND I KNOW THAT WASN'T PART OF THE PRESENTATION OF THE MEASURES WE WILL TALK ABOUT GOING FORWARD IN NOVEMBER. I'M WONDERING WHY NOT. KNOWING THAT WITH THE LEGAL CLOUD THAT HAS NOW DECENTED UPON THE 911 FEE WE MAY NEED TO DO SOMETHING VERY SOON. I UNDERSTAND IT'S NOT A MEASURE WE WOULD NECESSARILY INCREASE REVENUE, THAT'S BEEN THE FOCUS OF OUR STRATEGY AND I APPRECIATE THAT. BUT AT THE VERY LEAST WE NEED TO MAKE SURE THE HOLE DOESN'T GET DEEPER AND SALVAGING THAT FEE PERHAPS THE SAME WAY THAT VILLARAIGOSA IN L.A. DID IT BY RUGS THE TAX AND BROADENING IT MAY SAVE US A LOT OF PAIN DOWN THE ROAD. RICK, DO YOU HAVE THOUGHT SNS

>> THAT'S AN ISSUE THE MAYOR INDICATED WE WILL COME BACK IN CLOSED SESSION. RULES DIRECTED US TO COME BACK WITH ANSWERS. IT'S IMPORTANT TO NOTE THAT THE CITY IN UNION CITY THE FIRST SUPREME COURT STRUCK DOWN THE 911 FEE AS A TAX. THEY ARE GOING TO PE SIGZ THE STATE SUPREME COURT FOR REVIEW. WHETHER THE SUPREME COURT AGREES TO HEAR IT WE WILL NOT KNOW FOR A MONTH OR SO. BUT

THE JURY'S OUT. IT CLEARLY, WE WILL COME BACK AND ASSESS THE RISK AND GIVE YOU OUR ANALYSIS AND IT'S A POLICY CALL TO PUT IT ON THE BALLOT OR NOT.

>> I DON'T EXPECT THIS WILL RESOLVE BY THE TIME WE NEED TO MAKE A DECISION. I WONDER IF IT WOULD BE BETTER TO GET THE MEASURE ON THE POINT BEING IF WE LOSE THE WORST THAT HAPPENS IS WE ARE STUCK WITH THE FEE WE HAVE AND THEN WE CAN TAKE OUR CHANCE IN COURT. I'M WORRIED ABOUT THE SUPREME COURT MAKING A DECISION WHICH PULLS THE RUG OUT FROM UNDER US.

>> WE WILL PROVIDE THAT LEGAL ASSESSMENT AND YOU CAN MAKE THAT DECISION.

>> OKAY. I WILL TRY TO MOVE OFF OF THIS TOPIC AND MOVE TO THE NEXT ONE WHICH HAS TO DO WITH THE DEVELOPMENT OF FINANCING STRATEGIES WITH POSITIVE NET PRESENT VALUE. THERE WERE A COUPLE OF THOSE, ANY QUESTIONS OR COMMENTS ON THE -- ON THOSE? COUNCILMEMBER CHU.

>> THANK YOU, MAYOR. I WANTED TO SAY I'M STRONGLY IN SUPPORT OF THIS STRATEGY AND THIS IS SOMETHING THAT MELA RUS FOUND WHEN [INAUDIBLE] AND SUGGESTED TO THE COUNTY AND YIELD MILLIONS OF DOLLARS OF SAVINGS FOR THE COUNTY SO, I WOULD BE STRONGLY SUPPORTING THIS.

>> THANK YOU. WE DO ATTRIBUTE THIS TO HARVEY ROSE TO ROGER FROM HARVEY ROSE WHO DOES THE COUNTY WORK AND GOT VALUE OF THE WORK DONE IN THE COUNTY. ANY OTHER COMMENTS OR QUESTIONS ON THIS ITEM? OKAY. LET'S MOVE TO THE RIGOROUS ASSET MANAGEMENT PROGRAM CATEGORY OF THINGS TO TALK ABOUT. ANY QUESTIONS OR COMMENTS ON THAT? NOT THAT WE DON'T HAVE AN ASSET MANAGEMENT PROGRAM BUT HAVE A MORE RIGOROUS ONE. COUNCILMEMBER CHU.

>> THANK YOU, MAYOR DON'T KNOW IF THIS IS APPROPRIATE TO BRING UP I THINK THAT IN THE TERM OF THE NUMBER OF OUR CITY PROPERTIES AND THE COMPLEXITY OF THE ISSUE I WOULD THINK WE SHOULD CONSIDER A COMMISSIONER A SPECIAL COMMISSION TO LOOK AT THIS ASSET MANAGEMENT.

>> THAT BEING BE A RECOMMENDATION THAT COME OUT OF THE RECOMMENDATION WITH HOW TO DEAL WITH THE ASSET MANAGEMENT. I KNOW WE HAVE LOTS AND LOTS OF DEEDS THEY MAY NOT ALL REPRESENT PROPERTIES AND DON'T KNOW THE ANSWER TO THAT QUESTION YET.

>> A QUICK COMMENT, ACTUALLY THE CITY OF SEATTLE HAS A REAL ESTATE COMMISSION GROUP THAT REVIEWS TRANSACTIONS AND GIVES ADVICE TO THE COUNCIL ON TRANSACTIONS. SO, I APPRECIATE YOUR COMMENT AND IT WOULD BE PART OF OUR ANALYSIS AS WE MOVE FORWARD.

>> WE CAN HAVE A VIEW OF ALL THE CITY REAL ESTATE ASSETS INSTEAD OF COMING TO US ON A PIECEMEAL.

>> ANYTHING ELSE ON THAT ONE? LET'S MOVE TO THE EMPLOYEE SUGGESTION PROGRAM AND PROCESS STREAM LINING OPTIMIZATION PROGRAM MUCH WE HAD SOME CONVERSATIONS EARLIER ABOUT THIS. THIS IS NOT THE ORDINARY EMPLOYEE SUGGESTION PROGRAM WE HAD IN THE PAST. I KNOW COUNCILMEMBER CONSTANT HAD PERSONAL EXPERIENCE WITH EMPLOYEE SUGGESTIONS AND THE CUSTODY OF THE SUGGESTIONS TO BE TAKEN SERIOUSLY. THE RECOMMENDATION WE WANTED WAS TO HAVE A BROADER PEOPLE LOOK AT SUGGESTIONS NOT JUST THE DEPARTMENT AFFECTED BY THE SUGGESTION. BECAUSE THERE ARE HUGE NUMBERS OF SUGGESTIONS THAT HAVE COME FROM EMPLOYEES AND WE TALKED ABOUT FINANCIAL INCENTIVES TO DO THAT. IF THEY SAVE MONEY IT SHOULD BE MORE THAN A HANDSHAKE AND FREE DINNER OR SOMETHING. THOSE ARE PREVIOUS DISCUSSION ITEMS THAT WILL HAVE TO BE CONSIDERED AS PART OF THIS, I THINK. COUNCILMEMBER CHU.

>> THANK YOU, MAYOR, AGAIN I STRONGLY SUPPORT THIS MEASURE MUCH WORKING AT IBM I'M SURE COUNCILMEMBER WILLIAMS REMEMBER WE HAVE A GOOD EMPLOYMENT SUGGESTION PROGRAM. THERE ARE A LOT OF EXAMPLES WE CAN GO TO THE PRIVATE SECTOR TO LOOK FOR HOW TO IMPLEMENT A GOOD EMPLOYEE SUGGESTION PLAN.

>> COUNCILMEMBER CONSTANT. THANK YOU, MAYOR. THIS IS ONE OF THOSE PROGRAMS THAT I WOULD LOVE TO SEE IN 5 YEARS COSTING US 10 MILLION DOLLARS BECAUSE THAT WOULD MEAN WE WERE SAVING 100 MILLION DOLLARS A YEAR IN EXPENSES. I THINK THAT WE HAVE TO THINK OF NOT ONLY THE ACTUAL COST SAVINGS TO THE CITY, THAT'S WHAT

WE ARE FOCUSING ON NOW. THERE IS A HUGE MORAL COMPONENT WHEN IT COME TO EMPLOYEES SEEING SUGGESTIONS BEING TAKEN SERIOUSLY BUT WHEN THEY SEE THEM ACTUALLY IMPLEMENTED. IT MOTIVATES EMPLOYEES TO LOOK FOR MORE IDEAS AND I HAVE SEEN AT THE POLICE DEPARTMENT THAT USED THE EMPLOYEE SUGGESTION BOX AGGRESSIVELY WHERE PEOPLE SEE WHO CAN GET THE BIGGEST CHECK. THAT'S THE ENVIRONMENT WE WANT TO CREATE HERE. I THINK YOU MENTIONED BRIEFLY, HOW WE MIGHT CHANGE THE COMPOSITION. I WOULD HIGHLY SUGGEST THAT WHEN WE DO THIS, I'M CONFIDENT WE WILL, WE CONSIDER HAVING SOMEONE FROM THE CITY AUDITOR'S OFFICE ON THE PANEL. SOMEONE WHO IS TRAINED IN LOOKING AT EFFICIENCIES AND COST IMPLICATIONS AND HOW PROCESSES WITHIN THE CITY RUN. BECAUSE I THINK THAT WILL BE CRITICAL IN APPROPRIATELY TESTING THE SUGGESTIONS. THANK YOU.

>> COUNCILMEMBER PYLE.

>> COUNCILMEMBER WAS TALKING ABOUT AN EFFICIENCY EXPERT OR SOMEONE THAT CAN ASSIGN A DOLLAR VALUE TO IT THAT SOUNDS GREAT. IN THE TEACHING PROFESSION WHEN THERE WAS A BOTTOM UP RATHER THAN A TOP DOWN IT WORKED BETTER. PEOPLE IN THE JOBS KNOW THAT JOB IN DEPTH AND CAN COME UP WITH BETTER WAYS TO MAKE IT MORE EFFICIENCY. I THINK IT'S A FANTASTIC SUGGESTION.

>> IF THERE IS NOTHING ELSE WE WILL MOVE TO FEES AND CHARGES. THE RECOMMENDATION TO GET FEES TO COST RECOVERY AND THE RELATED RECOMMENDATIONS. OF COURSE, WE WILL DEAL THIS FEE AND CHARGES AS PART OF THE BUDGET. NO QUESTIONS OR COMMENTS ON THAT ONE WE HAD A HEARING ON THIS ONE. LET'S MOVE TO THE FURTHER ANALYSIS OF STAKE HOLDER LIGHTING AND LANDSCAPE INCLUDING POLICY ANALYSIS OF NEIGHBORHOOD SPECIFIC OPTIONS. WE HAD QUESTIONS AND COMMENTS ON THIS. COUNCILMEMBER LICCARDO.

>> THERE IS SOMETHING I HAVE BEEN A STRONG ADVOCATE FOR SINCE I GOT INTO OFFICE A YEAR AND A HALF AGO AND HOPING WE CAN MOVE FORWARD WITH THIS CONCEPT. BOB'S COMMENTS ARE WELL TAKEN ABOUT DECENTRALIZING THE COLLECTION OF REVENUE IN A SENSE THAT CERTAINLY AS BOB POINTED OUT, YOU COULD HAVE INDIVIDUAL DISTRICTS TAILORED FOR SPECIFIC NEEDS WHAT WE HEAR FROM THE NEIGHBORHOODS. THAT MAY BE CHALLENGING TO DESIGN OVER A CITY. AT THE VERY LEAST WHAT WE CAN DO IF WE HAVE MANY OF THE DISTRICTS THROUGHOUT THE CITY RATHER THAN ONE CITY WIDE LIGHTING LANDSCAPING IS ASURE RESIDENTS THE MONEY THEY ARE PAYING IS BEING USED IN THEIR COMMUNITY AND THEY SEE THE RESULTS OF THE FEE. AND I THINK THAT'S IMPORTANT FOR PEOPLE TO KNOW WHEN THEIR CASTING THEIR VOTE. IT DOESN'T MEAN WE WILL NOT SUBSIDIZE POORER NEIGHBORHOODS THAT ARE NOT ABLE TO GENERATE AS MUCH REVENUE. BUT FOR PEOPLE TO KNOW WHAT THEY ARE PAY SUGGEST PAYING ARE THE STREETS AND TREES IN THEIR OWN NEIGHBORHOOD IS CRITICAL. I THINK WE OUGHT TO AVOID THE CONCEPT OF A CITY WIDE LLD AND FOCUS ON CREATING MANY LLD'S AT ONCE AND LET PEOPLE KNOW WHERE THEIR MONEY IS BEING SPENT.

>> HAD A QUESTION, BOB MENTIONED SPENDING DECISIONS. I THINK WE ARE TALKING ABOUT DECENTRALIZING THE TAXING DECISION. I THINK THOSE ARE 2 DIFFERENT THINGS. LANDSCAPING AND LIGHTING DISTRICT BASED ON AN ENGINEERING ANALYSIS OF THE WORK THAT HAS TO BE DONE. SO YOU SET THE FEE BASED ON WORK YOU HAVE TO LOOK AT THE WHOLE CITY, HOW DO YOU GET THERE ON THE TAX SIDE? I COULD THINK OF SEVERAL WAYS TO DECENTRALIZE THE SPENDING DECISIONS BUT STRUCTURALLY MIGHT BE MORE OF A CHALLENGE.

>> MR. MAYOR, THE IT'S AN ASSESSMENT TO THE PROPERTY TAX AND BASED UPON ADDED SERVICE ABOVE A BASELINE SERVICE. AND NOW WE KNOW WHAT OUR BASELINE SERVICES ARE ON A UNIT WIDE BASIS THROUGHOUT THE CITY. IT DOES NOT VARY WIDELY WHEN YOU ARE DEALING WITH TREE MAINTENANCE OR SIDEWALK MAINTENANCE WHEN YOU ARE LOOKING AT A LARGE SAMPLE. WE THINK THE DESCENT RALSTONIZATION CONCEPT MAKES ALOFT SENSE IN THAT TO COUNCILMEMBER LICCARDO'S POINT MANY NEIGHBORHOODS FOCUSED THEIR ATTENTION ON BETTER LIGHTING. OTHERS HAVE SAID OUR LIGHTING IS FINE BUT WHAT WE ARE CONCERN BODY IS THE CONDITION OF OUR SIDEWALKS, CURBS AND GUTTERS MUCH THE COSTS ARE FAIRLY EASY TO CALCULATE BASED UPON THE

TYPES OF PARCEL SIZES THAT ARE PREDOMINANT IN THOSE AREAS. SO, I THINK WE ARE UP TO EXPLORING THIS FURTHER AS INDICATED IN THE STAFF RECOMMENDATION.

>> IF I COULD CHIME IN, THIS IS SOMETHING WHERE THERE WILL BE A LOT OF JOINT ANALYSIS BECAUSE IT'S AN ASSESSMENT THAT REQUIRES A FINDING OF SPECIAL BENEFIT. EACH PARCEL YOU HAVE TO DETERMINE THE BENEFIT AND IT COULD BE THAT PARCELS IN ALMED AN BENEFIT DIFFERENTLY THAN IN NORTH SAN JOSE. SO WHEN YOU DECENTRALIZE SPENDING THAT'S BECAUSE THE BENEFIT TO THE PROPERTIES IS LINKED TO WHAT THE MONEY WILL BE SPENT ON. THAT'S THE TRICK OF HOW WE WORK AT THAT WHETHER WE DO MULTIPLE DISTRICTS OR ONE CITY WIDE MUCH AGAIN, TO MY EARLIER POINT, A LOT DEPENDS ON HOW THE CALIFORNIA SUPREME COURT RULES ON THE SANTA CLARA AUTHORITY CASE WHICH WOULD HAVE GUIDANCE AS WE ARE DISCUSSING IT.

>> JIM, COULD YOU CONTINUE WITH THIS EXAMPLE AND GIVE AN IDEA OF WHAT THE ENGINEERING, HOW MUCH TIME THE ENGINEERING REPORT WOULD TAKE SO WE HAVE A FRAME REFERENCE?

>> THE ESTIMATE FOR THE FULL ENGINEERING ANALYSIS IT'S BEEN STATESIDE ABOUT 24 MONTHS. THE ON A CITY WIDE BASIS. I THINK THAT COULD BE SHORTER. WITH SMALLER PILOT PROJECTS. I THINK THAT COULD BE EASIER TO ACHIEVE THAT TO BEAT THAT TIME FRAME. ON A CITY WIDE BASIS ESTIMATED TO BE 250 THOUSAND DOLLARS FOR THE PARCELS AND DO THE ENGINEERING ANALYSIS AS MANAGEMENT AND ATTORNEYS ELUDED TO. THOSE ARE THE TIME FRAMES AND BASIC COST OF ESTIMATES WE HAVE ON A CITY WIDE BASIS.

>> ANYTHING ELSE ON LANDSCAPING AND LIGHTING DISTRICT? OKAY. WE WILL MOVE TO THE NEXT WHICH IS THE CONTINUING WITH ANALYSIS AND OUT REACH TO RESTRUCTURE THE CITY BUSINESS LICENSE TAX. THIS IS NOT ONE THAT WOULD GO ON THE BALLOT IN NOVEMBER. BUT NEEDS ADDITIONAL WORK. I HAD A FEW SMALL BUSINESSES CAM PLAIN TO ME WE HAVE NOT RAISED THEIR TAX IN A LONG TIME AND THEY THINK IT'S WAY TOO LOW. [LAUGHTER] I'M NOT GIVING UP THEIR NAMES, THOUGH. [LAUGHTER]. IT HAS BEEN A LONG TIME BUT THERE ARE A LOT OF ISSUES AND REMEMBER WHEN WE PUT THIS IN A PLACE 20 YEARS AGO WHEN IT WAS WE HAD SUPPORT FROM THE BUSINESS COMMUNITY IN ORDER TO DO IT. THAT WAS AN IMPORTANT COMPONENT OF IT. COUNCILMEMBER CHU.

>> I WANTED TO ECHO ONE OF THE STAKE HOLDER LORI'S COMMENTS REGARDING THE BUSINESS TAX VERSE US THE CNC TAX. I THINK IF WE ARE ENCOURAGING MORE BUSINESS TO COME TO SAN JOSE WE HAVE TO COMPARE OUR BUSINESS TAX WITH OUR NEIGHBORING CITIES. AND MAKE SURE THAT WE HAVE THE STRUCTURE TO ATTRACT THE NEW BUSINESS. AND ALSO ON A SIMILAR SUBJECT I WOULD LIKE TO ASK THE TASK FORCE MEMBER TO LOOK AT MAY BE ESTABLISH AN IT COMMISSIONER TO LOOK AT IF THE -- THE -- THE TECHNOLOGY OR THE -- THE OR HOW MODERN OR TECHNOLOGY IS IN THE CITY SO WE CAN LEVERAGE OUR RESOURCES TO ON THE BEST TECHNOLOGIES AND HOPEFULLY WITH THE TECHNOLOGY WE CAN LEVERAGE OR BEST RESOURCES. SO THAT'S ANOTHER SUGGESTION I WOULD LIKE TO MAKE. I KNOW THAT COUNCILMEMBER OLIVERIO WILL BE HAPPY TO HAVE THIS IT COMMISSION FOR THE CITY OF SAN JOSE.

>> COUNCILMEMBER CONSTANT.

>> THANKS. I WANT TO SAY AS IT RELATES TO BUSINESS TAX, WE HAVE TO BE VERY CAUTIOUS WITH THE SMALL BUSINESSES. AND I HAVE A FRIEND WHO OPENED A PROFESSIONAL OFFICE SHE'S A DOCTOR AND OPENED IT 4 PARCELS AWAY FROM THE CITY OF SAN HOSE CAMPBELL I ASKED HER WHY AND SHE SAID MY LICENSES COST A THIRD OF WHAT IT WOULD COST IF I WERE A BLOCK AWAY. WHEN BUSINESSES START OUT IT'S NOT JUST THEY ARE GETTING A BUSINESS LICENSE THEY HAVE OTHER PERMITS AND LICENSES THEY HAVE TO GET RELATE TO THEIR PROFESSION AND THINGS THAT COST MONEY. WE HAVE THOUSANDS OF HOME BUSINESSES THAT PEOPLE RUN WHERE 150 DOLLARS IS A LARGE AMOUNT. AND IF WE RAISE THAT ENTRY POINT FOR BUSINESS LICENSES YOU WILL SEE A LOT OF BUSINESSES GO UNDER GROUND IT WILL COST MORE MONEY GOING THROUGH THE PROCESS THAT SCOTT JOHNSON WAS SAYING WE ARE GOING ON A COLLECTION AND HAVING AMNESTIES AND THERE IS A LOT OF UNINTENDED CONSEQUENCES. IF WE GO IN THIS DIRECTION WE SHOULD CONSIDER LOWERING THE ENTRY POINT AND STRUCTURING HOW IT GOES UP AND LOOK AT IT NOT IN A VACUUM LOOK

AT IT AS THE WHOLE CONTINUUM OF THE -- WE HAVE TO REMEMBER IN THE PEOPLE WHO WORK A SIDE JOB THAT MAY BE AN INDEPENDENT CONTRACTOR AND GETTING A 1099 ARE CONSIDERED BUSINESSES AND HAVE TO GET A BUSINESS LICENSE AND APPROXIMATE THEY ARE IMPACTED BITE 150 DOLLARS OR 300 DOLLARS LICENSE FEE. WE NEED TO SEE WHAT MAKES SENSE TO ENCOURAGE SMALL BUSINESSES BUT BE APPROPRIATE FOR BUSINESSES OF ALL RANGES.

>> THIS IS ANOTHER ONE WHERE THE BALLOT MEASURE COULD START OUT, SHALL THE TAX WITH REDUCED AND WORK FROM THERE. THOSE ARE THE THINGS THAT HAVE TO BE BEEN AS PART OF THE ANALYSIS. ANYTHING ELSE ON THAT ONE. LET'S TAKE THE NEXT 2 TOGETHER THE DROP FROM CONSIDERATION AND SALES TAX AND DROP FROM CONSIDERATION THE TOT TAX. COUNCILMEMBER PYLE.

>> I LIKE TO SAY THAT IT DOESN'T MATTER HOW MUCH WE INCREASE OUR SALES TAX IF WE DON'T DO ANYTHING ABOUT THE SALES TAX LEAKAGE. 10 PERCENT MORE OF SOMETHING WE ARE NOT GETTING ANYWAY DOES NOT BRING MUCH TO THE TABLE. WE DID PULL IN MY DISTRICT AND DID NOT PULL WELL. THE STATE IS LOOKING AT SALES TAX EVERYBODY IS LOOKING AT SALES TAX AND DIDN'T FEEL IT WAS A SMART MOVE. WE NEED TO PUT OUR SHOULDERS TOGETHER AND GO AFTER THE LEAKAGE WE HAVE IN THE CITY. WE ARE DEAD LAST. THAT'S AN INSTANT WAY TO GET MONEY COMING IN. THANK YOU.

>> THANK YOU. ANYTHING ELSE ON THESE 2 RECOMMENDATIONS TO DROP FROM CURRENT CONSIDERATION? ALL RIGHT. WE WILL MOVE TO THE LAST RECOMMENDATION WHICH WE GOT INTO EARLIER, DOING FURTHER ANALYSIS IN STAKE HOLDER RESEARCH TO CONSIDER AN INCREASE IN CARD ROOM TAXOIR INCREASE THE NUMBER OF TABLES OR AUFLT ABOVE OR WHATEVER. TO DO FURTHER RESEARCH. COUNCILMEMBER LICCARDO.

>> I HAVE NO PROBLEM IN INCREASING THE CARD ROOM TAX I HAVE A PROBLEM WITH INCREASING THE NUMBER OF TABLE FOR THE SAME REASONS AS COUNCILMEMBER NGUYEN. I CERTAINLY APPRECIATE ALL THE ANALYSIS THAT HAS BEEN DONE. THIS IS AN EXCELLENT REPORT AND GREAT START FOR US.

>> COUNCILMEMBER CHU.

>> I WANT TO ECHO COUNCILMEMBER LICCARDO. I'M PASSIONATELY OPPOSED TO AN INCREASE ON TABLES. LIKE I STATED BEFORE, THEY ARE NOT REGULATED LEGAL LINES TO BUSINESS IN NEVADA THAT COULD BRING IN A LOT OF REVENUES. BUT I WILL OPPOSE THEM ALL.

>> DON'T HAVE TO TALK ABOUT WHAT ALL THOSE ARE. OKAY. GENERAL DISCUSSION IS FINE. ANYTHING ELSE ON THIS ITEM?

>> ANYTHING ELSE ON ANYTHING THAT WAS COVERED IN THE PRESENTATION IN GENERAL OR IN SPECIFIC THAT WE MISSED WHEN WE WENT THROUGH OR ANYTHING YOU FORGOT TO ASK ABOUT? COUNCILMEMBER NGUYEN.

>> THANK YOU, MAYOR. A GENERAL QUESTION OR -- ONE OF THE THINGS THAT WE TALKED ABOUT IN THE MAYOR'S BUDGET ADVISORY GROUP WAS TO ENCOURAGE RETAIL DEVELOPMENT ALONG THE PERIPHERY THAT WAS ONE OF THE REVENUE STRATEGIES WE TALKED ABOUT. I'M CURIOUS IF THAT WAS SOMETHING THAT CAME UP IN THE STAKE HOLDER GROUP MEETINGS BECAUSE OBVIOUSLY THAT'S SOMETHING WE CAN REALLY LOOK IN TERMS OF ENCOURAGING MORE DEVELOPMENT ON THE BORDERLINES OF OUR CITY. [INAUDIBLE].

>> THAT WILL BE -- MR. MAYOR AND COUNCILMEMBER THAT WILL BE PART OF THE STRATEGY PLAN WE BRING FORTH FOR THE COUNCIL IN NOVEMBER.

>> OKAY. GREAT. THANK YOU.

>> WE DID ASK THE STAKE HOLDERS TO JUST TALK ABOUT THE MOST IMMEDIATE THINGS FIRST AND SO A LOT OF THE ISSUES THEY HAVE NOT GOTTEN A CHANCE TO TALK ABOUT THAT'S ON THE LIST. COUNCILMEMBER CONSTANT. I WANTED TO EXPAND ON THAT THAT THE DISCUSSION SO FAR HAS BEEN STRUCTURED TO THE URGENT STRATEGIES BUT I THINK THAT SOME OF THE ECONOMIC DEVELOPMENT CONCEPTS TAKE LONGER THAN 3 YEARS TO REALIZE AND PEOPLE HAVE BEEN HESITANT SINCE THIS IS A 3 YEAR ATTACK. AS WE GO FORWARD IN THE GROUP I WILL ENCOURAGE PEOPLE TO THINK BEYOND 3 YEARS IF WE ALWAYS LOOK ON A 3 YEAR WINDOW WE WILL NEVER ACCOMPLISH THEM SOME ARE LIKE BUILDING HOTELS ON THE BORDERS. BIG BOX ON THE BORDERS. WE WILL TACKLE THAT

AS WE GO FORWARD AND I ALSO WANTED TO THROW A PLUG IN FOR OLIVERIO BECAUSE HE HAS BEEN ATTENDING THE MEETINGS, AS YOU HAVE IDEAS THAT MAY BE NEEDED TO BE FLUSHED OUT SEND THEM, WE WILL MEET THROUGH JULY UP TO OCTOBER. WE GOT A LOT OF BRAIN POWER GOING INTO IT. I THINK WE SHOULD GIVE COUNCILMEMBER OLIVERIO UP TO 2 CENTS UP TO A NICKEL. IT'S A HUGE INCREASE.

>> AS LONG AS WE INDEX.

>> YES. INDEXING. CITY MANAGER HAS WRAP UP COMMENTS, I THINK.

>> THANK YOU. MR. THE MEMBERS OF THE COUNCIL THOUGHTS TODAY ARE HELPFUL WE WILL PROCEED WITH THE WORK AND RECOMMEND AND FACTOR YOUR COMMENTS I SIGNED OFF THIS MORNING ON AN MBA WHICH YOU WILL BE GETTING. WE HAVE BEEN KEEPING A SCORECARD INTERNALLY ON WHERE WE ARE AT WITH THE 1 THIRD, 1 THIRD, 1 THIRD STRATEGIES NOW THAT YOU WE ARE CLOSING IN ON THE 08-09 BUDGET PROCESS. I WILL PUT JENNIFER ON THE SPOT AND TELL YOU WHAT STAFF INDICATES AND IF YOU HAVE QUESTIONS NOW OR AFTER YOU READ THE MEMO LET US KNOW. ON THE REVENUE STRATEGIES INCLUDING ECONOMIC DEVELOP. 4.6 MILLION DOLLARS IN SOLUTIONS. THAT'S 21 PERCENT OF THE PACKAGE. ON SERVICE REDUCTIONS ABOUT 7.6 MILLION OR 34 PERCENT AND COST SAVINGS SERVICE DELIVERY MODEL CHANGES EXPENDITURE CONTROLS AND ALSO FUNDING SHIFTS 9.9 MILLION FOR 45 PERCENT. THE TOTAL BALANCING OF 22.1, WHICH DOES NOT INCLUDE THE FEES BREAKS OUT AGAIN IN 21 PERCENT FOR REVENUE STRATEGIES, 34 PERCENT SERVICE REDUCTIONS AND 45 PERCENT FOR COST SAVINGS. THAT'S IN THE MBA YOU WILL GET TODAY.

>> IT'S BEEN RELEASED THIS MORNING.

>> THANK YOU, OTHER QUESTIONS OR COMMENTS FROM THE COUNCIL. I WANT TO THANK EVERYBODY. THIS IS A LONG-TERM PROBLEM AND PROCESS BUT IT'S GOOD TO HAVE PEOPLE WORKING ON IT. THANK YOU, JANE FOR LEADING IN THAT EFFORT AND COUNCILMEMBER CONSTANT FOR CHAIRING THE COMMITTEE AND ALL OF THE STAFF THAT HAVE WORKED ON THIS. IT INVOLVED ALL OF US AND THE STAFF GETS ENGAGED AND THEY HAVE DONE A GREAT JOB. WE ARE NOT YET BUT MOVING IT ALONG. THANK YOU. THERE WILL BE NO AFTERNOON SESSION WE'RE DONE WITH THE BUDGET STUDY SUGGS THE 1 O'CLOCK I DON'T WANT TO SEE YOU IN THE COUNCIL CHAMBERS AT 1 O'CLOCK. THANK YOU ALL, WE ARE ADJOURNED.