

MINUTES OF THE CITY COUNCIL

SAN JOSÉ, CALIFORNIA

TUESDAY, JUNE 12, 2018

The Council of the City of San José convened in Regular Session at 9:04 a.m. in the Council Chambers at City Hall.

Present: Councilmembers - Arenas, Carrasco (9:45), Davis, Diep, Jimenez, Jones, Khamis, Nguyen, Peralez, Rocha; Liccardo.

Absent Councilmembers: All present.

CLOSED SESSION

Upon motion unanimously adopted, Council recessed at 9:06 a.m. to a Closed Session in Room W133; (A) To confer with Legal Counsel – Anticipated Litigation Pursuant to Government Code Section 54956.9(d)(4); Number of matters to be discussed: Two (2); (B) To confer with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(d)(1): (1) In re: Claim of Williams; Amount of Money or Other Relief Sought: Administrative Appeal; (2) Case Name: Sutter's Place, Inc., dba Bay 101 v. City of San José ; Names Of Partie(s) Involved: Sutter's Place, Inc. dba Bay 101; City of San José; the Division of Gaming Control; Court: Superior Court of California, County of Santa Clara; Case No: 13-CV-258057; Amount of Money or Other Relief Sought: Damages according to proof; (3) Seibert v. City of San José, et al.; Names Of Partie(s) Involved: Grant Seibert, City of San José , San José Civil Service Commission, Debra Figone as San José City Manager, Alex Gurza as San José Director of Employee Relations, William McDonald as Fire Chief for San José Fire Department; Court: Court of Appeal, Sixth Appellate District; Case No: H040268; Amount of Money or Other Relief Sought: Damages according to proof; (C) to Confer with Real Property Designated Representatives Pursuant to Government Code Section 54956.8; (1) Property Street Address, Parcel Number, or Other Unique Reference of Property: 255 South Montgomery Street (APN 261-37-025); 8 South Montgomery Street (APN 259-38-130); 102 South Montgomery Street (APN 259-48-012); 510 West San Fernando Street (APN 259-48-011, 259-48-013); 150 South Montgomery Street (APN 259-48-058) 105 South Montgomery Street (APN 261-35-003, 261-35-006, 261-35-010); 645 Park Avenue (APN 261-35-014); 525 West Santa Clara Street/566 West Julian Street (APN 259-28-031, 259-28-041, 259-28-043, 259-28-044); 697 W. San Carlos (261-37-030); No address (261-37-028); Negotiating Parties: Nanci Klein for the City of San José and Jay Bechtel for Google; Under Negotiation; the direction will concern price and terms of payment; (D) To Confer with Labor Negotiator Pursuant to Government Code Section 54957.6: City Negotiator: Jennifer Schembri, Director of Employee Relations; Employee

Access the video, the agenda and related reports for this meeting by visiting the City's website at <http://www.sanjoseca.gov/city> or <http://www.sanjoseca.gov/civiccentervt>. For information on any ordinance that is not hyperlinked to this document, please contact the Office of the City Clerk at (408) 535-1266.

CLOSED SESSION (Cont'd.)

Organizations: (1) Association of Building, Mechanical and Electrical Inspectors (ABMEI); Nature of Negotiations: Wages/Salaries, Hours, Working Conditions, etc.; Name of Existing Contract or MOA: Memorandum of Agreement between City of San José and ABMEI; (2) Confidential Employees' Organization, AFSCME Local 101 (CEO); Nature of Negotiations: Wages/Salaries, Hours, Working Conditions, etc.; Name of Existing Contract or MOA: Memorandum of Agreement between City of San José and CEO; (3) International Association of Firefighters, Local 230 (IAFF); Nature of Negotiations: Wages/Salaries, Hours, Working Conditions, etc.; Name of Existing Contract or MOA: Memorandum of Agreement between City of San José and International Association of Firefighters. (4) International Union of Operating Engineers, Local No. 3 (OE#3); Nature of Negotiations: Wages/Salaries, Hours, Working Conditions, etc.; Name of Existing Contract or MOA: Memorandum of Agreement between City of San José and International Union of Operating Engineers, Local No. 3; (5) San José Police Officers' Association (SJPOA); Nature of Negotiations: Wages/Salaries, Hours, Working Conditions, etc.; Name of Existing Contract or MOA: Memorandum of Agreement - City of San José and San José Police Officers' Association. Web: <http://www.sanjoseca.gov/?nid=186>; Telephone for Employee Relations: 408-535-8150.

By unanimous consent, Council recessed from the Closed Session at 12:00 p.m.; Council reconvened to Regular Session at 1:32 p.m. in the Council Chambers.

Present: Councilmembers - Arenas, Carrasco, Davis, Diep, Jimenez, Jones, Khamis, Nguyen, Peralez, Rocha; Liccardo.

Absent Councilmembers: All present.

INVOCATION (District 6)

A spokesperson from Church of Jesus Christ of Latter-Day Saints presented the Invocation.

PLEDGE OF ALLEGIANCE

Mayor Sam Liccardo led the Pledge of Allegiance.

ORDERS OF THE DAY

Upon motion by Councilmember Johnny Khamis, seconded by Councilmember Dev Davis, and carried unanimously, the Orders of the Day and the Amended Agenda were approved. (10-0-1. Absent: Nguyen.)

CLOSED SESSION REPORT

City Attorney Richard Doyle reported that authority was given to intervene in an action in one matter; the name of the action and parties involved will be disclosed upon request once the action is formally commenced.

Council Vote:

Ayes:	Arenas, Carrasco, Diep, Jimenez, Jones, Khamis, Nguyen, Peralez, Rocha; Liccardo.
Noes:	None.
Disqualified:	None.
Absent:	Davis.

CEREMONIAL ITEMS

- 1.1 A proclamation was presented by Mayor Sam Liccardo, Vice Mayor Magdalena Carrasco and Councilmember Johnny Khamis provided a commendation to Walter Gannon, recognizing Elder Abuse Awareness Day. (Carrasco)
- 1.2 A proclamation was presented by the Mayor and all Councilmembers, declaring the month of June 2018 as Immigrant Heritage Month. (Mayor)
- 1.3 Mayor Sam Liccardo and Councilmember Chappie Jones presented a commendation to Amy Jin, a high school senior at Harker School, for winning the Cutler-Bell Prize in High School Computing. (Jones)

CONSENT CALENDAR

Upon motion Councilmember Raul Peralez, seconded by Councilmember Johnny Khamis and carried unanimously, the Consent Calendar was approved and the below listed actions were taken as indicated. (11-0.)

2.1 18-918 **Approval of City Council Minutes.**

- a. Regular City Council Meeting Minutes of February 27, 2018.
 - b. Regular City Council Meeting Minutes of March 6, 2018.
 - c. Special City Council Meeting Minutes of March 8, 2018.
- (City Clerk)

Documents Filed: (1) Regular City Council Meeting Minute, dated February 27, 2018; March 6, 2018; (2) Special City Council Meeting Minutes, March 8, 2018.

Action: The City Council Minutes were approved. (11-0.)

2.2 Final Adoption of Ordinances.

None.

2.3 18-919 Approval of Council Committee Minutes.

- a. Ad-Hoc Committee for Development Service Minutes of April 27, 2017. (Khamis)
- b. Smart Cities and Service Improvements Committee of May 4, 2017. (Jones)
- c. Ad-Hoc Committee for Development Service Minutes of May 25, 2017. (Khamis)
- d. Smart Cities and Service Improvements Committee of June 1, 2017. (Jones)
- e. Rules and Open Government Committee of June 21, 2017. (Liccardo)
- f. Ad-Hoc Committee for Development Service Minutes of June 22, 2017. (Khamis)
- g. Ad-Hoc Committee for Development Service Minutes of November 30, 2017. (Khamis)
- h. Public Safety, Finance, and Strategies Suppose Committee of August 17, 2017. (Perales)
- i. Rules and Open Government Committee of October 25, 2017. (Liccardo)
- j. Smart Cities and Service Improvements Committee of November 2, 2017. (Jones)
- k. Rules and Open Government Committee of January 17, 2018. (Liccardo)

Documents Filed: (1) Ad-Hoc Committee for Development Service Minutes of April 27, 2017; May 25, 2017; June 22, 2017; November 30, 2017; (2) Smart Cities and Service Improvements Committee Minutes of June 1, 2017 and November 2, 2017; (3) Rules and Open Government Committee Minutes of June 21, 2017 and October 25, 2017, and January 17, 2018; (4) Public Safety, Finance, and Strategies Suppose Committee of August 17, 2017.

Action: The Council Committee Minutes were approved. (11-0.)

2.4 Mayor and Council Excused Absence Requests.

None provided.

2.5 City Council Travel Reports.

The Mayor spoke on his trip to Boston, Massachusetts for the U.S. Conference of Mayors.

2.6 Report from the Council Liaison to the Retirement Boards.

Councilmember Johnny Khamis discussed key issues from the recent Retirement Board Meeting.

2.7 18-807 Amendment to the Lease of Airport Premises Agreement with Swissport Fueling, Inc.

Approve the First Amendment to the Lease of Airport Premises between the City of San José and Swissport Fueling, Inc. to extend its agreement for an additional five years to March 31, 2023.

CEQA: Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment. (Airport)

Documents Filed: City Council Action Request from Director of Aviation, John Aitken, dated June 1, 2018, recommending approval of a First Amendment.

Director of Aviation, John Aitken responded to questions from Councilmember Dev Davis.

Action: Upon motion by Councilmember Dev Davis, seconded by Councilmember Johnny Khamis and carried unanimously, the First Amendment to the Lease of Airport Premises between the City of San José and Swissport Fueling, Inc. was approved. (11-0.)

2.8 18-812 Purchase Orders with Tucker Construction, Inc. for Metal and Steel Fence Repair and Replacement Services.

Adopt a resolution to authorize the City Manager to:

- a. Execute two Purchase Orders with Tucker Construction, Inc. (San José, CA), one for Public Works and another for Parks, Recreation and Neighborhood Services, for metal and steel fence repair and replacement services for an initial twelve-month period, starting on or about June 20, 2018 and ending on or about June 19, 2019, for a total aggregate amount not-to-exceed \$407,000, subject to the appropriation of funds.
- b. Exercise a one-year option to extend the term of both Purchase Orders with the term ending on or about June 19, 2020, subject to the annual appropriation of funds.

CEQA: Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment. (Finance)

Documents Filed: City Council Action Request from Director of Finance, Julia Cooper, dated May 31, 2018, recommending adoption of a resolution.

Action: Resolution No. 78619, entitled: “A Resolution of the Council of the City of San José Authorizing the City Manager to 1) Execute Two Purchase Orders with Tucker Construction, Inc., One for Public Works and Another for Parks, Recreation and Neighborhood Services, for Metal and Steel Fence Repair and Replacement Services for an Initial Twelve-Month Period, Starting on or about June 20, 2018 and Ending on or about June 19, 2019, for a Total Aggregate Amount Not-To-Exceed \$407,000, Subjection to the Appropriation of Funds, and 2) Exercise a One-Year Option to Extend the Term of Both Purchase Orders with the Term Ending on or about June 19, 2020, Subject to the Annual Appropriation of Funds, was adopted. (11-0.)

2.9 18-803 Actions Related to the Plaza De César Chávez Interim Improvements Project.

Adopt the following 2017-2018 Appropriation Ordinance amendments in the Subdivision Park Trust Fund:

- a. Establish the César Chávez Interim Improvements appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$500,000; and
- b. Decrease the Future PDO/PIO Projects Reserve by \$500,000.

CEQA: Categorically Exempt, CEQA Guidelines Section 15301, Existing Facilities, File No. PP18-051. (Parks, Recreation and Neighborhood Services/City Manager)

Documents Filed: Joint memorandum from Director of Parks, Recreation and Neighborhood Services, Angel Rios, Jr. and Budget Director Margaret McCahan, dated May 30, 2018, recommending adoption of appropriation ordinance amendments.

Mayor Sam Liccardo pulled Item 2.9 with questions regarding park improvements. Director of Cultural Affairs/Deputy Director Economic Development, Kerry Adams Hapner and Director of Parks, Recreation and Neighborhood Services, Angel Rios, Jr., responded to questions.

A fire alarm disrupted the proceedings at approximately 2:10 p.m. The meeting was adjourned, then reconvened at 2:28 p.m.

Action: Upon motion by Councilmember Johnny Khamis, seconded by Councilmember Raul Peralez and carried unanimously, Ordinance No. 30138, entitled: "A Ordinance of the Council of the City of San José Amending Ordinance No. 29962 to Appropriate Moneys in the Subdivision Park Trust Fund for the Plaza de Chavez Interim Improvements; and Providing that this Ordinance Shall Become Effective Immediately Upon Adoption, was adopted. (8-0-3. Absent: Arenas, Carrasco, Rocha.)

2.10 18-814 Actions Related to the Department of Parks, Recreation and Neighborhood Services Agreements.

Adopt a resolution authorizing the following, subject to the appropriation of funds by the City Council, and on such terms and conditions as deemed appropriate by the City Manager:

- a. Authorize the City Manager to negotiate and execute all agreements, amendments, and extensions to accept funds for the Department of Parks, Recreation and Neighborhood Services identified in the "Compensation Paid to the City of San José", (Attachment A of the memorandum to Council); and
- b. Authorize the City Manager to accept any funds exceeding the figures identified in Attachment A of the memorandum to Council for the specified programs and purposes identified as "Compensation Paid to the City of San José," provided that the City Manager determines that the City is able to provide the services and comply with any

2.10 (Cont'd.)

additional requirements associated with the increased grant funds. The City Manager shall also bring forward to City Council any items that require approval for budgetary adjustments and appropriation actions necessary for such programs; and

c. Authorize the Director of Parks, Recreation and Neighborhood Services to apply for, accept, negotiate and execute 2018-2019 agreements and amendments as identified in "Delegation of Contract Authority to Department of Parks, Recreation and Neighborhood Services Director" (Attachment B of the memorandum to Council) consistent with Adopted Budget amounts for the following City programs or services:

1. After School Education and Safety;
2. BeautifySJ Grant Program;
3. Bringing Everyone's Strengths Together Grants;
4. Citywide Aquatics Program;
5. Community Center Reuse Program;
6. County of Santa Clara Therapeutic Program;
7. Family Camp Facility Use Agreements;
8. Friends of PRNS Non-Profit Organizations;
9. Grant Revenue Agreements;
10. Happy Hollow Park and Zoo:
 - a. Education Programs;
 - b. Private Events;
11. Homeless Response Team;
12. Leisure and Recreation Fee Class Vendor Agreements;
13. Leisure and Recreation Program Facility Use Agreements;
14. Little League Agreement(s);
15. Martial Cottle Community Garden;
16. Mayor's Gang Prevention Task Force:
 - a. Grant Revenue;
 - b. Related Sub-Contractor Agreements, where applicable;
 - c. Facility Use;
 - d. Memoranda of Understanding;
 - e. Evaluation Consultant Agreements;
17. Park Concessionaires Agreements;
18. Recreation of City Kids Program;
19. Safe Summer Initiative Grants;
20. Senior Health and Wellness Grants;
21. St. James / Urban Park Activation Grants; and
22. Summer Food Service Program.

CEQA: Categorically Exempt, CEQA Guidelines Section 15301, Existing Facilities, File No. PP17-039; Categorically Exempt, CEQA

2.10 (Cont'd.)

Guidelines Section 15304, Minor Alterations to Land, File No. PP14-050; and Not a Project, File PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment. All agreements cited in this memorandum, except for the BeautifySJ Grant Program and Martial Cottle Community Garden, have services that involve no change to the environment. (Parks, Recreation, and Neighborhood Services)

Documents Filed: Memorandum from Director of Parks, Recreation and Neighborhood Services, Angel Rios, Jr., dated May 21, 2018, recommending adoption of a resolution.

Public Comments: Robert Geary spoke in opposition to homeless sweeps in San José.

Action: Resolution No. 78620, entitled: “A Resolution of the Council of the City of San José Authorizing the City Manager to Negotiate and Execute Various Agreements and Amendments to Agreements, and to Accept Grant Funds for Parks, Recreation and Neighborhood Services Programs; and Authorizing the Director of Parks, Recreation and Neighborhood Services to Negotiate and Execute Various Agreements and Amendments to Agreements, all Consistent with the Amounts Budgeted for these Programs in the Adopted Budget for Fiscal Year 2018-2019 and Subject to Appropriation of Funds (10-0-1. Absent: Rocha.)

2.11 18-809 **Actions Related to the Agreement with Kimley-Horn and Associates, Inc. for the East San José Multimodal Transportation Improvement Plan.**

Adopt a resolution authorizing the City Manager or designee to negotiate and execute a contract with Kimley-Horn and Associates, Inc. for planning and design consulting services to develop the East San José Multimodal Transportation Improvement Plan in an amount not to exceed \$450,000. CEQA: Not a Project, File No. PP17-002, Consultant services for design, study, inspection, or other professional services with no commitment to future action. Council Districts 3, 4, & 5. (Transportation)

Documents Filed: Memorandum from Director, Department of Transportation, Jim Ortbal, dated May 21, 2018, recommending adoption of a resolution.

Action: Resolution No. 78621, entitled: “A Resolution of the Council of the City of San José Authorizing the City Manager or Designee to Negotiate and Execute a Contract with Kimley-Horn and Associates, Inc. for Planning and Design Consulting Services to Develop the East San José Multimodal Transportation Improvement Plan in an Amount not to Exceed \$450,000”, was adopted. (10-0-1. Absent: Rocha.)

2.12 18-806 Disestablish the Hotel Business Improvement District.

Approve an ordinance to disestablish the Hotel Business Improvement District, originally established under the Parking and Business Improvement Area Law of 1989, Streets and Highways Code Section 36500 et seq. CEQA: Statutorily Exempt, CEQA Guidelines Section 15061(b), Review for Exemption, File No. PP08-048. (Economic Development)

Documents Filed: Memorandum from Deputy City Manager/Director of Economic Development Kim Walesh, dated May 21, 2018, recommending approval of an ordinance.

Action: Ordinance No. 30113, entitled: “A Ordinance of the Council of the City of San José to Disestablish the Hotel Business Improvement District Pursuant to Section 36550 of the California Parking and Business Improvement Area Law”, was passed for publication. (10-0-1. Absent: Rocha.)

2.13 18-813 Agreement with Magical Bridge Foundation for Emma Prusch Farm Park

Adopt a resolution authorizing the City Manager to:

- a. Negotiate and execute an agreement with Magical Bridge Foundation to provide consulting design services and fundraising for a new all-inclusive play area at Emma Prusch Farm Park. The park’s improvements will include new universally-accessible play equipment to replace existing equipment, new restrooms, and related improvements; and
- b. Submit a grant application and, if awarded, negotiate and execute a grant agreement with the Santa Clara County Open Space Authority for an amount up to \$600,000 in funding to plan, design, and construct a new all-inclusive play area at Emma Prusch Farm Park.

CEQA: Categorically Exempt, CEQA Guidelines Section 15301, Existing Facilities, File No. PP18-022. (Parks, Recreation and Neighborhood Services) *Deferred from 5/15/18 Item 2.8 (18-631) to 6/12/18*

Documents Filed: (1) Memorandum from Director of Parks, Recreation and Neighborhood Services, Angel Rios, Jr., dated April 23, 2018, recommending adoption of resolutions. (2) “Magical Bridge Foundation Brochure”, provided by Jill Asher.

Director of Parks, Recreation and Neighborhood Services, Angel Rios, Jr., and Jill Asher, Co-Founder and Co-Executive Director of the Magical Bridge Foundation responded to questions from Council

Action: Upon motion by Vice Mayor Magdalena Carrasco, seconded by Councilmember Sergio Jimenez and carried unanimously, Resolution No. 78622, entitled: “A Resolution of the Council of the City of San José Authorizing the City Manager to Negotiate and Execute an Agreement with Magical Bridge Foundation (MBF) to Provide Consulting Design Services and Fundraising for a New All-Inclusive Play Area at Emma Prusch Farm Park and 2) Submit a Grant Application and, if Awarded, Negotiate, and Execute a Grant Agreement with the Santa Clara County Open Space Authority (OSA) for an Amount up to \$500,000 in Funding to Plan, Design, and Construct a New All-Inclusive Play Area at Emma Prusch Farm Park”, was adopted. (10-0-1. Absent: Rocha.)

2.14 18-910 Mayor and Council Excused Absence Requests.

Request for an excused absence for Councilmember Sylvia Arenas from the June 4, 2018 Transportation and Environment Committee due to illness.

CEQA: Not a Project, File No. PP17-010, City Organizational & Administrative Activities resulting in no changes to the physical environment. (Arenas)

Documents Filed: Memorandum from Councilmember Sylvia Arenas, dated June 4, 2018, requesting an excused absence.

Action: The absence request for Councilmember Sylvia Arenas was approved. (10-0-1. Absent: Rocha.)

2.15 18-911 Actions Related to Mayor Liccardo's Travel to Boston, MA.

Retroactively authorize travel by Mayor Liccardo to Boston, MA for the U.S. Conference of Mayors from June 8, 2018 to June 11, 2018.

Source of Funds: Mayor/Council Travel Budget.

CEQA: Not a Project, File No. PP17-010, City Organizational & Administrative Activities resulting in no changes to the physical environment. (Mayor)

Documents Filed: Memorandum from Mayor Sam Liccardo, dated June 6, 2018, requesting retroactive authorization to travel.

Action: Retroactive travel by Mayor Sam Liccardo was authorized. (10-0-1. Absent: Rocha.)

2.16 18-907 As recommended by the Rules and Open Government Committee on June 6, 2018:

a. Retroactively approve the Foster Youth Summit scheduled on May 22, 2018 as a City Council sponsored Special Event and approve the expenditure of funds.

b. Approve and accept donations from various individuals, businesses or community groups to support the event.

Documents Filed: Memorandum from City Clerk Toni J. Taber, dated December 9, 2016, transmitting the recommendations of the Rules and Open Government Committee.

Action: The Foster Youth Summit as a City Council Sponsored Special Event, and expenditure of funds and authorization to accept donations from various individuals, businesses or community groups to support the event, was retroactively approved. (10-0-1. Absent: Rocha.)

2.17 18-909

As recommended by the Rules and Open Government Committee on June 6, 2018:

- a. Retroactively approve the District 4 June Office Hours scheduled on June 9, 2018 as a City Council sponsored Special Event and approve the expenditure of funds.
- b. Approve and accept donations from various individuals, businesses or community groups to support the event.

Documents Filed: Memorandum from City Clerk Toni J. Taber, dated December 9, 2016, transmitting the recommendations of the Rules and Open Government Committee.

Action: The District 4 June Office Hours as a City Council Sponsored Special Event, and expenditure of funds and authorization to accept donations from various individuals, businesses or community groups to support the event, was retroactively approved. (10-0-1. Absent: Rocha.)

2.18 18-913

Deferred Compensation Advisory Committee Appointment.

As recommended by the Rules and Open Government Committee on June 6, 2018, approve the appointment of Jaime Fonseca, as the representative nominated by American Federation of State, County, and Municipal Employees (AFSCME) MEF and CEO bargaining units to the Deferred Compensation Advisory Committee under City Council Resolution No. 70176 for a four-year term ending on March 1, 2022.
CEQA: Not a Project, File No. PP17-010, City Organizational & Administrative Activities, resulting in no changes to the physical environment. (Human Resources)

Documents Filed: Memorandum from Director of Employee Relations, Jennifer Schembri, dated May 30, 2018, recommending approval of an appointment to the Deferred Compensation Advisory Committee.

Action: The appointment of Jaime Fonseca, as the representative nominated by American Federation of State, County, and Municipal Employees (AFSCME) MEF and CEO bargaining units to the Deferred Compensation Advisory Committee was approved. (10-0-1. Absent: Rocha.)

STRATEGIC SUPPORT

3.3 18-815 Mayor's June Budget Message for Fiscal Year 2018-2019.

- a. Review, discuss and approve the Mayor's June Budget Message for Fiscal Year 2018-2019.
- b. Adopt a resolution authorizing the City Manager to negotiate and execute agreements addressed in the Mayor's Budget Message which are for amounts that exceed the City Manager's contract authority, provided that any required environmental review has been completed.
CEQA: Not a Project, File No. PP17-010, City Organizational & Administrative Activities resulting in no changes to the physical environment. (Mayor)

Documents Filed: Memoranda from Mayor Sam Liccardo, dated June 1, 2018, and June 11, 2018, providing recommendations regarding the budget message.

Mayor Sam Liccardo provided changes to the supplemental memorandum dated June 11, 2018, deleting all verbiage following "IX-22" on item 3 regarding Office of Retirement Services.

Public Comments: Crystal Campizi spoke in support of widening Branham Lane. Adriana Caldera expressed appreciation for partnering with the City in providing domestic violence survivor services.

Action: Upon motion by Councilmember Johnny Khamis, seconded by Councilmember Raul Peralez and carried unanimously, Resolution No. 78623, entitled: "A Resolution of the Council of the City of San José Authorizing the City Manager to Negotiate and Execute Agreements Identified in the Mayor's 2018 June Budget Message Which are for Amounts and Exceed the City Manager's Contract Authority, Provided that Any Required Environmental Review Has Been Completed", was adopted, including Mayor Sam Liccardo's supplemental memorandum dated Friday June 1, 2018, approving the budget message, with the following additions and clarifications and striking the language from Section 3 after the numeral IX-22 and ending the strike out at the end of Section 3.

1. Census 2020 (Item 3c): The important work related to the upcoming census will require resources beyond 2018-2019. The City Manager is directed to allocate sufficient resources during the 2019-2020 budget development process—as identified by the \$250,000 in my June message—and to continue any limit dated staff that may be necessary to ensure the City's commitment to an accurate count for the 2020 Census. (BD# 56 Peralez and BD# 65 Jimenez)

2. Block Party Permits: Neighborhood gatherings build community, inspire positive interactions among neighbors, and contribute to neighborhood safety. The 2018-2019 Proposed Fees and Charges document assumed a block party permit cost of \$250, which was expected to generate revenue of \$23,000. The benefits of community building and neighborhood safety, however, far outweigh the nominal revenue received. I recommend direction to the City Manager to waive this fee for one year, and to report back to Council through the FY 2019-20 process whether to make such waivers permanent. To account for the lost revenue, \$23,000 of the cost for the Accessible Pedestrian Signal (Item 2c) shall be allocated from the Construction Excise Tax Fund ending fund balance, which allows for the estimated revenue loss of \$23,000 to be covered by the Essential Services Reserve. (BD #6 Davis)

3. Office of Retirement Services: Approve the Office of Retirement Services' proposed personnel and staffing budget as displayed in the 2018-2019 Proposed Operating Budget on p. VIII-321 -330, as well as the budget for City-Wide expenses on page IX-22, ~~on the condition that the Office of Retirement Services commits to return to Council by October 1, 2018 with its comprehensive budget document covering the entire aggregate expense of~~

3.3 (Cont'd.)

~~administering each plan. This comprehensive budget document must include a disclosure of the investment expenses that were paid by the plans in the most recently available full year reporting period, with a level of detail as required by California Government Code Section 7514.7 and disclose the anticipated investment expenses with a level of detail as required by California Government Code Section 7514.7 for each plan's FY 2018-19 budget.~~

4. Allocation of Retirement Costs: As the City and its employees continue to benefit from the stability and cost savings provided by the passage of the Alternative Pension Reform Ballot Measure (Measure F) in 2016, large pre-existing unfunded retirement liabilities will be allocated to a decreasingly small number of Tier 1 employees. We will need to update the budgetary approach the City takes to account for the cost difference between a Tier 1 and Tier 2 employee to avoid distortions in departmental budgetary allocations. The City Manager is directed to investigate options to provide a more predictable method

for allocating retirement costs between Tier 1 and Tier 2 employees as part of the 2019- 2020 budget development process. In allocating budgets among City Council offices, the City Clerk shall adopt the budgetary approach chosen by the City Manager.

5. Domestic Violence: The County has recently allocated \$5 million in its budget to support domestic violence prevention and victim support programs. I recommend that the City Manager report back to the Public Safety and Strategic Support Committee with a description of that funding allocation, to enable the Council and staff to assess how best to align City resources to maximize benefit to domestic violence survivors and prevent violence. (11-0.)

3.4 18-816 **Approve the 2018-2019 Operating and Capital Budgets for the City of San José and Schedule of Fees and Charges.**

a. Adopt resolutions approving the Operating Budget for 2018-2019 for the City of San José, the Capital Budget for 2018-2019 for the City of San José, and the Five-Year Capital Improvement Program for 2019-2023 for the City of San José as revised by the Mayor's Budget Message and directing the City Manager to prepare final documents for adoption.

b. Adopt a resolution establishing the Schedule of Fees and Charges for 2018-2019.

c. Establish the South Bay Water Recycling Operating Fund (Fund 570).

d. Adopt a resolution approving the loan in the amount of \$2,000,000 from the Construction and Conveyance Tax Fund: City-wide Parks Purposes to the Council District 5 Construction and Conveyance Tax Funds for the construction of the All Inclusive Playground - Emma Prusch Park with the following terms:

1. The Council District 5 Construction and Conveyance Tax Fund shall pay interest at a rate equal to the investment earnings of the monthly investment factor;

2. The loan shall be fully due and payable on June 30, 2022;

3. The loan shall be repaid with grant reimbursements from the County of Santa Clara All-Inclusive Playground Grant Program;

4. All grant reimbursements received by the City from the County of Santa Clara All-Inclusive Playground Grant Program for the construction of the All Inclusive Playground - Emma Prusch Park shall be allocated to the repayment of the loan until it is fully repaid;

3.4 (Cont'd.)

d. 5. In the event that a shortfall arises in the Council District 5 Construction and Conveyance Tax Fund, another eligible source of revenue shall fully repay the loan;

6. The loan shall be immediately due and payable if needed by the Construction and Conveyance Tax Fund: City-wide Parks Purposes to fund any eligible project; and

7. A final balloon payment shall be required if the loan has not been fully repaid from the grant reimbursements by June 30, 2022.

CEQA: Not a Project, File No. PP17-010, City Organizational & Administrative Activities resulting in no changes to the physical Environment, and File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment. (City Manager)

Documents Filed: Letter from Sam Liccardo, Chair, Treatment Plant Advisory Committee, dated June 5, 2018, and letter from Acting Chair, Debi Davis, dated May 18, 2018, recommending approval of updated staff recommendations.

Director of Housing Jacky Morales-Ferrand responded to questions from Council.

Action: Upon motion by Councilmember Sergio Jimenez, seconded by Councilmember Chappie Jones and carried unanimously, Resolution No. 78624, entitled: “A Resolution of the Council of the City of San José Approving for Adoption the Capital Budget for Fiscal Year 2018-2019”; Resolution No. 78625, entitled: “A Resolution of the Council of the City of San José Approving for Adoption the Five Year Capital Improvement Program for Fiscal Years 2019-2023”; Resolution No. 78626, entitled: “A Resolution of the Council of the City of San José Approving for Adoption the Operating Budget for Fiscal Year 2018-2019”; Resolution No. 78627, entitled: “A Resolution of the Council of the City of San José Amending Resolution No. 72737 to Amend and Establish Various Fees and Charges Effective July 1, 2018”; and Resolution No. 78628, entitled: “A Resolution of the Council of the City of San José Approving the Loan in the Amount of \$2,000,000 from the Construction and Conveyance Tax Fund: City-Wide Parks Purposes to the Council District 5 Construction and Conveyance Tax Fund for the Construction of the All-Inclusive Playground – Emma Prusch Park”, were adopted. (11-0.)

- 3.5 18-817 Status of Open Audit Recommendations as of December 31, 2017.**
- a. Accept the Status of Open Audit Recommendations as of December 31, 2017.
 - b. Approve the 2018-2019 Open Audit Recommendations Priorities with direction to the City Manager to prioritize work on these outstanding audit recommendations while continuing to make progress on addressing and working with the City Auditor to close out other open audit recommendations.
- CEQA: Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. (City Auditor/City Manager)

Documents Filed: Joint memorandum from City Manager, David Sykes and City Auditor Sharon Erickson, dated May 31, 2018, recommending approval of the open audit recommendations priorities.

Action: Upon motion by Councilmember Johnny Khamis, seconded by Councilmember Raul Peralez and carried unanimously, the recommendations were accepted and the 2018-2019 Open Audit Recommendations Priorities with direction to the City Manager to prioritize work on these outstanding audit recommendations while continuing to make progress on addressing and working with the City Auditor to close out other open audit recommendations. (11-0.)

- 3.6 18-808** Adopt a resolution increasing the Library Parcel Tax rates for fiscal year 2018-2019 by 3.00% over the fiscal year 2017-2018 rates and approving the placement of the Library Parcel Tax on the fiscal year 2018-2019 Santa Clara County Property Tax Roll.
- CEQA: Not a Project, File No. PP17-005, Adjustments to Fees, Rates & Fares without changes to or expansion of services. (Finance/Library)

Documents Filed: Joint memorandum from Director of Finance Julia H. Cooper and Library Director Jill Bourne, dated May 21, 2018, recommending adoption of a resolution.

Action: Upon motion by Councilmember Donald Rocha, seconded by Councilmember Lan Diep and carried unanimously, Resolution No. 78629, entitled: “A Resolution of the Council of the City of San José Approving the Increased Library Parcel Tax Rates for FY 2018-2019 and Approving the Placement of the Library Parcel Tax on the FY 2018-2019 Santa Clara County Property Tax Roll”, was adopted. (11-0.)

3.7 18-820 Amendment to Title 1 for Electronic Signatures.

Approve an ordinance amending Title 1 of the San José Municipal Code by adding Chapter 1.21 to authorize electronic signatures on documents used and accepted by the City of San José.

CEQA: Not a project, File No. PP17-008, General Procedure & Policy Making resulting in no changes to the physical environment.
(Information Technology/City Manager)

Documents Filed: Joint memorandum from Chief of Staff, Office of the City Manager, Lee Wilcox, and Chief Information Officer Rob Lloyd, dated May 21, 2018, recommending approval of an ordinance.

Senior Deputy City Attorney Colleen Winchester provided a presentation.

Action: Upon motion by Councilmember Sergio Jimenez, seconded by Councilmember Johnny Khamis and carried unanimously, Ordinance No. 30114, entitled: “A Ordinance of the Council of the City of San José Amending Title 1 of the San José Municipal Code by Adding Chapter 1.21 to Authorize Electronic Signatures on Documents Used and Accepted by the City of San José”, was passed for publication. (9-0-2. Absent: Carrasco, Rocha.)

3.8 18-726 Actions Related to the Intention to Form Community Facilities District No. 17.

- a. Accept the landowner petitions requesting the institution of proceedings for the establishment of a community facilities district.
- b. Approve an agreement with Civic South Bay, LLC and Arcadia Development Co. to fund the City’s costs in investigating the feasibility of a community facilities district for the maintenance of landscape and hardscape improvements within the Evergreen area and conducting formation proceedings.
- c. Adopt a resolution of intention to:
 1. Form Community Facilities District No. 17 (Capitol Expressway - Evergreen Place);
 2. Levy a special tax on land within Community Facilities District No. 17;
 3. Set a Public Hearing for August 14, 2018 at 1:30 p.m. regarding the district formation; and
 4. Hold an election immediately following the close of public hearing.
- d. Adopt the following 2017-2018 Appropriation Ordinance and Funding Sources Resolution amendments to establish the Community Facilities District No. 17 (Capitol Expressway - Evergreen Place) Fund pursuant to Chapter 14.27 of the San José Municipal Code:
 1. Establish an appropriation for the Community Facilities District No. 17 Feasibility Project to the Department of Public Works in the amount of \$37,629; and
 2. Establish estimated revenue from Developer Contributions in the amount of \$37,629.

3.8 (Cont'd.)

CEQA: Addendum to the Evergreen East Hills Vision Strategy Final Environmental Impact Report (EIR) and Supplemental EIR (Resolution No. 74742); and Addenda thereto, File No. PDC10-022. Council District 8. (Public Works/City Manager)

Documents Filed: Joint memorandum from Director of Public Works, Matt Cano and Budget Director Margaret McCahan, dated May 21, 2018, recommending adoption of a resolution.

Staff responded to questions from Council.

Action: Upon motion by Councilmember Sergio Jimenez, seconded by Councilmember Lan Diep and carried unanimously, Resolution No. 78630, entitled: “A Resolution of the Council of the City of San José of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes”; Ordinance No. 30115, entitled: “A Ordinance of the Council of the City of San José Amending Ordinance No. 29962 to Appropriate Moneys in the Community Facilities District No. 17 (Capitol Expy – Evergreen Place) Fund for the Community Facilities District No. 17 Feasibility Project; and Providing that this Ordinance Shall Become Effective Immediately Upon Adoption; Resolution No. 78631, entitled: “A Resolution of the Council of the City of San José Amending Resolution No. 78229 Setting Forth the Estimated Sources of Funds for the Fiscal Year 2017-2018 to Adjust Revenues in the Community Facilities District No. 17 (Capitol Expy – Evergreen Place) Fund”, were adopted. (10-0-1. Absent: Rocha.)

3.9 18-889 **Planning Commission Appointments.**

- a. Interview applicants for appointment to the Planning Commission;
 - b. Appoint up to three (3) applicants to the Planning Commission for the term of July 1, 2018 to June 30, 2022; and
 - c. If any vacancy remains, direct the City Clerk to continue recruitment efforts and bring forward additional applicants for consideration within 90 days.
- CEQA: Not a Project, File No. PP17-010, City Organizational & Administrative Activities resulting in no changes to the physical environment. (City Clerk)

Documents Filed: Memorandum from City Clerk Toni J. Taber, CMC, dated June 6, 2018, regarding Planning Commission appointments.

Interviews were held.

Action: John Leyba, Melanie Griswold and Ada Marquez were appointed to the Planning Commission for the term of July 1, 2018 to June 30, 2022.

COMMUNITY & ECONOMIC DEVELOPMENT

4.1 18-804 **Annual Authorization for Workforce Innovation and Opportunity Act Program and Projects for 2018-2019.**

Adopt an annual resolution authorizing the City Manager or his designee to negotiate and execute the following agreements relating to the Workforce Innovation and Opportunity Act Program and projects:

- a. All contracts, amendments, agreements, leases, subleases, and memorandums of understanding with contractors, consultants, vendors, and partners providing services to the Workforce Innovation and Opportunity Act (formerly Workforce Investment Act Program, including, but not limited to innovations or assignments, case management contracts, and consultant contracts, for the period July 1, 2018 to June 30, 2020 in accordance with procurement procedures and requirements mandated by the State and Federal governments for Workforce Innovation and Opportunity Act grant recipients and with established City procurement procedures and requirements, that have been reviewed and approved, as required, by the work2future Workforce Development Board (work2future Board), so long as monies have been appropriated and there is an unexpended and unencumbered balance of such appropriation sufficient to pay the expenses of the agreement.
- b. All memorandums of understanding with Required and Additional One-Stop Partners for the period July 1, 2018 to June 30, 2021 in accordance with Section 121 of the Workforce Innovation and Opportunity Act, including, but not limited to memorandums of understanding with other workforce development boards, regional memorandums of understanding, partnership agreements, cost-sharing agreements, regional consultant agreements, and memorandums of understanding with cities and the unincorporated area of Santa Clara County whose residents receive services from the work2future One Stops, a partner of the America's Job Center of CaliforniaSM, so long as monies have been appropriated and there is an unexpended and unencumbered balance of such appropriation sufficient to pay the expenses, if any, of the agreement.
- c. All amendments to City Council approved agreements that have been reviewed and approved, as required, by the work2future Board so long as monies have been appropriated and there is an unexpended and unencumbered balance of such appropriation sufficient to pay the expenses of the agreement.
- d. All grant applications, grant agreements, sub grant agreements, and any documents necessary to accept the grant for discretionary funding applied for and approved by the work2future Board, for multi-year

4.1 (Cont'd.)

periods so long as monies have been appropriated and there is an unexpended and unencumbered balance of such appropriation sufficient to pay the expenses of the agreement.

e. All Eligible Training Provider List, Youth Career Technical Training, Youth Workshops, Adult Workshops, and Adult Cohort agreements, and multiple-scope agreements that combine two or more of the above agreements that have been reviewed and approved, as required, by the work2future Board, for the period from July 1, 2018 to June 30, 2020, subject to annual appropriation of funds by the Workforce Development Board.

f. All agreements specified in section (a) above with a term end date beyond the fiscal year in which the contract begins (an end date beyond June 30, 2019), so long as monies have been appropriated and there is an unexpended and unencumbered balance of such appropriation sufficient to pay the expenses of the agreement.

g. All agreements specified in section (a) above that do not involve a disbursement of funds (no-fund agreement) with an end term beyond the fiscal year in which the agreement begins (beyond June 30, 2019). CEQA: Not a Project, File No. PP17-004, Government Funding Mechanism, or Fiscal Activity with no commitment to a specific project which may result in a potentially significant impact on the environment. (Economic Development)

Documents Filed: Memorandum from Deputy City Manager/Director of Economic Development Kim Walesh, dated May 21, 2018, recommending adoption of a resolution.

Action: Upon motion by Councilmember Sylvia Arenas, seconded by Councilmember Tam Nguyen and carried unanimously, Resolution No. 78632, entitled: “A Resolution of the Council of the City of San José Authorizing the City Manager to Negotiate and Execute Certain Agreements Related to the Workforce Innovation and Opportunity Act (WIOA) Program and Projects During FY 2018-2019”, was adopted. (10-0-1. Absent: Rocha.)

4.2 18-823 **Actions Related to the HOME Funding for the Second Street Studio Apartments Project.**

Adopt a resolution approving an increase to the existing City Council-approved construction-permanent loan commitment to First Community Housing for the Second Street Studios project by \$1,500,000 in HOME Investment Partnership Funds from \$16,915,713 to a maximum of \$18,415,713.

CEQA: Mitigated Negative Declaration for Second Street Studios, File Nos. PDC07-086 and PD07-094, adopted 8/26/2008. Council District 3. (Housing)

4.2 (Cont'd.)

Documents Filed: (1) Memorandum from Director of Housing Jacky Morales-Ferrand, dated May 31, 2018, recommending adoption of a resolution. (2) Supplemental memorandum from Director of Housing Jacky Morales-Ferrand, dated June 11, 2018, clarifying data with revised calculations. (3) Email correspondence from Pilar Lorenzana providing a letter from SV@home, dated June 11, 2018.

Councilmember Raul Perez provided an introduction to this project.

Action: Upon motion by Councilmember Raul Perez, seconded by Councilmember Johnny Khamis and carried unanimously, Resolution No. 78633, entitled: "A Resolution of the Council of the City of San José Approving an Increase to the Existing City Council Approved Construction-Permanent Loan Commitment to First Community Housing for the Second Street Studios Project by \$1,500,000 in Hoe Investment Partnership Funds from \$16,915,713 to a Maximum of \$18,415,713", was adopted. (10-0-1. Absent: Rocha.)

4.3 18-824 FY 2017/18 - FY 2021/22 Affordable Housing Investment Plan.

Accept the staff report on the FY 2017/18 - FY 2021/22 Affordable Housing Investment Plan.

CEQA: Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. (Housing)

Documents Filed: (1) Memorandum from Mayor Sam Liccardo, dated June 11, 2018, recommending acceptance of the staff report with additional direction. (2) Memorandum from Councilmember Raul Perez, dated June 11, 2018 offering additional direction to staff. (3) Memorandum from Councilmember Lan Diep, dated June 11, 2018, recommending adoption of staff recommendations with an amendment. (4) Memorandum from Councilmember Sergio Jimenez, dated June 11, 2018, recommending acceptance of the staff report with additional direction. (5) Memorandum from Director of Housing Jacky Morales-Ferrand, dated June 1, 2018, recommending acceptance of the staff report. (6) Letters from sv@home, dated June 8 and June 11, 2018, urging approval. (7) Letter from Working Partnerships USA, dated June 11, 2018, asking for full public consideration.

Director of Housing Jacky Morales-Ferrand and Deputy City Manager/Director of Economic Development Kim Walesh provided a presentation.

Public Comments: Sixteen members of the public offered their opinions and comments regarding the Affordable Housing Investment Plan.

Motion: Councilmember Lan Diep moved approval of the memoranda from he and Councilmembers Jimenez and Perez, and from Mayor Sam Liccardo, each dated June 11, 2018.

Action: On a call for the question, the motion carried unanimously, and the Staff Report on the FY 2017/18 - FY 2021/22 Affordable Housing Investment Plan was accepted, including the memorandum from Mayor Liccardo, dated June 11, 2018, accepting the staff report and approving the Affordable Housing Investment Plan and Housing Crisis Workplan, with the following changes:

1. In light of the roughly \$500 million shortfall of funding necessary to meet our affordable housing goals, direct the City Manager to:
 - a. Include in the next round of polling for a November bond measure, inclusion of language supporting at least \$250 million of funding for affordable housing, with the suggestion to test such concepts as “homeless housing,” “cost-effective, innovative approaches to ending homelessness,” “teacher housing,” or “housing for the missing middle.”
 - b. Work with the Mayor’s Office, the Metropolitan Transportation Authority staff, the Committee to House the Bay Area (CASA), and other regional partners to craft a Bay Area-wide job-housing imbalance impact fee. Such a fee would differ from a standard “commercial impact fee” by assessing fees on commercial, industrial, office, and R & D expansion based on the jurisdiction’s jobs-to-employed resident ratio. Upon drafting of a proposal, return to Council for consideration of formal endorsement, and include state authorization as a legislative priority.

2. When staff brings forward its moderate-income housing strategy, include the following actions:
 - a. Solicit ideas for crafting a more streamlined, innovative approach to financing “missing middle” housing—through the use of a Request for Information (RFI), convening experts, or other approaches—to aid in the development of a subsequent RFP or sole-source contract, such as:
 - (1) A model for a publicly-subsidized, privately-funded Housing Innovation Fund (HIF), utilizing a mixed capital stack that includes traditional investment, program-related investments, and mission-aligned grant funding. Ultimately, such a HIF would require private investors to accept a low but stable rate of return, but should allow sufficient liquidity, i.e., to allow private investors to enter and exit more nimbly than in a traditional housing investment timeframe.
 - (2) A framework for financing of the acquisition of existing older multi-housing stock to preserve as deed-restricted moderate income housing, such as piloting using tax-exempt bond financing, or a “dequity” (debt and equity) fund, perhaps similar to that of the Community Preservation Corporation of New York City.
 - b. Consider, on a pilot basis, the addition of options to the inclusionary zoning ordinance that would enable developers to choose—should they build affordable units on-site—entirely for low- to moderate-incomes, but with a higher percentage commitment than under the current ordinance. The option should contain an aggregate citywide “cap” on the moderate income alternative, to ensure we do not dilute funding needed for ELI, VLI, or LI housing.

3. As part of staff’s proposal to establish a team focused on catalyzing housing development, aided by a public-facing spatial analysis/map and database showing housing opportunity sites, staff should include public sites by:
 - a. Identifying City-owned sites, including older community centers, libraries, and other public buildings, and assess their feasibility for redevelopment for affordable housing and other potential uses. The Northside/Tony Siquig Community Center provides a useful local model of integration of affordable housing with publicly-accessible space.

4.3 (Cont'd.)

- b. Engage other public land-owners—including the County, VTA, and CalTrans, San Jose State University, our school districts, and the State of California—to explore collaboration on developing mixed public/ housing uses, such as constructing SJSU teacher housing at the State’s Alquist Building site.
4. To ensure that the rezoning of the Urban Villages—work that has a very high potential of leading to shovels in the ground—is accomplished as soon as possible, begin items 15, 21, and 23 of the Workplan in January 2019.
5. Rather than beginning the “Underutilized Business Corridors” work in Spring 2019, take an initial approach of beginning a mixed-use pilot program in two or three Neighborhood Business Districts, such as the 13th Street District and Calle Willow, in Fall 2018, including:
 - a. Working with existing community partners, such as AARP, to facilitate charrettes with local businesses and residential associations to consider denser redevelopment of existing underutilized commercial sites.
 - b. Seeking private philanthropic dollar for funding outreach and early policy and planning work.
 - c. Ultimately allowing mixed use housing/commercial zoning to add modestly-sized but denser housing to current commercial parcels.
 - d. Incentivizing affordable housing or on-site inclusionary by moving such developments to the “front of the line.”
 - e. Considering a cultural preservation component, particularly in Calle Willow, that might, for example, consider the need for smaller business spaces, and include culturally appropriate design elements.
6. If Council adopts my June Budget Message—which incorporates the suggestion of Councilmember Diep to fund work to align the City’s Zoning Code with the General Plan—proceed in accordance with the direction and prioritize that work appropriately.
7. Facilitate timely completion of the Downtown Boundary Expansion work by partnering with SJSU Planning Department, Berkeley Temer Center, or another competent organization to perform the work to:
 - a. Prepare for the Downtown Boundary expansion work by facilitating the partner organization’s creation of a parcel-by-parcel map identifying appropriate sites for mixed use development, and identifying possible underutilized or soft story sites.
 - b. Support that partner organization’s engagement with local residents and businesses in assessing opportunities for densification.
8. Bring to Council’s next priority-setting session, or, if external grant funding expands staff capacity sufficiently to “green light” this function, prioritize separately to begin work on:
 - a. Evaluating an empty building and parcel fee that could generate millions of dollars for affordable housing, and—additionally or alternatively—incentivize property owners to build occupied housing on their properties.

4.3 (Cont'd.)

b. Considering a program of fee waivers, expedited permitting, parking waivers, and other incentives that might enable “affordability by design” without any direct public subsidy. That is, where unsubsidized housing meets a rental target through affordable design and construction features, such as by employing high-density, pre-fabricated modular approaches, consider how the City might reduce the cost and time to bring the product to market.

c. Adopting new public-private financing models for housing that is affordable to teachers and other workers in the “missing middle.”

9. Return to City Council within 60 days with:

a. A plan to keep the City Council and public informed on staffs progress on the Housing Crisis Workplan, including reports at six-month intervals, clear databased targets, and descriptions of work progress.

b. A public-facing dashboard displaying units under development, under construction, and occupied, at relevant levels of affordability.

10. Prepare a report to the Ad Hoc Development Services Committee outlining a plan for filling the many, persistent staff vacancies in PBCE—particularly in Planning—in senior and key strategic roles. The plan should explicitly address strategies to reduce the loss of some senior planners to other cities, to explore additional use of retiree rehiring, and other staffing strategies.

Also including the memorandum from Councilmember Diep, dated June 11, 2018, adopting the staff recommendations with the following amendment:

1. Grant the most preferential bonus points to development projects that build homeless units, relative to other desired outcomes deserving of bonus points, such as projects that present cost savings, affordable housing and sustainable communities capability, or are ready for immediate construction.

Including the memorandum from Councilmember Peralez, dated June 11, 2018, directing staff to maintain prioritization of building supportive housing for the chronically homeless.

Also including the memorandum from Councilmember Jimenez, dated June 11, 2018, directing staff to prioritize the development of supportive housing for the chronically homeless as well as housing for our extremely low-income residents.

(10-0-1. Absent: Nguyen.)

4.4 18-819 Housing Crisis Workplan.

Accept the staff report on the Housing Crisis Workplan.

CEQA: Not a Project, File No PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. (Economic Development/Planning, Building and Code Enforcement)

Documents Filed: (1) Memorandum from Councilmember Donald Rocha, dated June 11, 2018, suggesting amendments to the report. (2) Memorandum from Councilmember Raul Peralez, dated June 11, 2018, suggesting amendments to the report. (3) Memorandum from Councilmember Sergio Jimenez, dated June 12, 2018, suggesting amendments to the report. (4) Joint memorandum from Deputy City Manager/Director of Economic Development Kim Walesh, Rosalynn Hughey, Director, Planning, Building and Code Enforcement, and Director of Housing Jacky Morales-Ferrand, dated June 1, 2018, recommending acceptance of the report and Workplan. (5) Joint supplemental memorandum from Deputy City Manager/Director of Economic Development Kim Walesh and Director of Housing Jacky Morales-Ferrand, dated June 8, 2018, providing a brief status of projects. (6) Letter from Affordable Housing Network, dated June 11, 2018.

Councilmember Raul Peralez requested that this item be bifurcated, the first portion on the initiation of a Nexus Study for a City-wide Commercial Linkage Fee, the second for the feasibility analysis as outlined in his June 11, 2018 memorandum.

Motion #1: Councilmember Raul Peralez moved approval of the portion of his memorandum dated June 11, 2018, regarding the Nexus Study for a City-wide Commercial Linkage Fee and not a separate study specific to Diridon Station Area. Councilmember Sergio Jimenez seconded the motion.

On a call for the question, the motion failed. (5-5-1. Noes: Liccardo, Jones, Diep, Davis, Khamis. Absent: Nguyen.)

Motion #2: Councilmember Raul Peralez moved approval the portion of his memorandum dated June 11, 2018, regarding the feasibility analysis study. Councilmember Sergio Jimenez seconded the motion.

On a call for the question, the motion failed. (5-5-1. Noes: Liccardo, Jones, Diep, Davis, Khamis. Absent: Nguyen.)

As outlined in “Action” from Item 4.3, the Staff Report on the Housing Crisis Workplan was accepted, including the memorandum from Mayor Liccardo, dated June 11, 2018, as outlined in Item 4.3. (10-0-1. Absent: Nguyen.)

5. NEIGHBORHOOD SERVICES

6. TRANSPORTATION & AVIATION SERVICES

6.1 18-818 Actions Related to the Master Parking Rate Schedule.

- a. Adopt a resolution to repeal Resolution No. 78157 and set forth the Master Parking Rate Schedule to establish a citywide \$2 per hour rate in parking meter districts where Smart Meters have been installed, effective July 1, 2018.
- b. Establish the Parking Meter District Area Reserve.
- c. Approve an ordinance amending San Jose Municipal Code Part 36 of Chapter 2.08 to alter membership criteria for the Downtown Parking Board.
CEQA: Not a Project, File No. PP17-005, Adjustment to Fees, Rates, & Fares without changes to or expansion of services; Not a Project, File No. PP17-008, General Procedure & Policy Making resulting in no changes to the physical environment. Council District 3.
(Transportation)

Documents Filed: Memorandum from Director of Transportation Jim Ortbal, dated May 21, 2018, recommending adoption of a resolution and approval of an ordinance.

Action: Upon motion by Councilmember Sylvia Arenas, seconded by Vice Mayor Magdalena Carrasco and carried unanimously, Resolution No. 78634, entitled: “A Resolution of the Council of the City of San José Setting Forth the Master Parking Rate Schedule for Municipal On and Off-Street Parking Facilities to Adjust Parking Meter Rates in Parking Meter Zones Where Smart Meters Have Been Installed and to Repeal Resolution No. 78157”, was adopted, and Ordinance No. 30116, entitled: “A Ordinance of the Council of the City of San José Amending Title 2 of the San José Municipal Code to Amend Section 2.08.3630 of Chapter 2.08 to Alter Membership Criteria for the Downtown Parking Board”, was passed for publication. (11-0.)

6.2 18-821 Amendment to the Agreement with HMH Engineers for the US 101/Blossom Hill Road Interchange Improvement Project.

- a. Approve the First Amendment to the agreement between the City of San José and HMH Engineers for consultant services for the US 101/Blossom Hill Road Interchange Improvement project to increase maximum total amount of compensation in the amount of \$3,778,600 from \$1,585,100 to \$5,363,700, expand the scope of services related to final design, bid, award, and construction support, and extend the term of the agreement from June 30, 2018 to December 31, 2021.
- b. Adopt the following 2017-2018 Funding Source Resolution and Appropriation Ordinance amendments in the Building and Structure Construction Tax Fund:
 1. Establish an estimate for Other Revenue in the amount of \$4,061,334; and
 2. Increase the Route 101/Blossom Hill Road Interchange appropriation in the amount of \$4,061,334.

6.2 (Cont'd.)

CEQA: Categorically Exempt, CEQA Guidelines 15301, Existing Facilities, File No. PP18-053. Council District 2. (Transportation)

Documents Filed: Joint memorandum from Director of Transportation Jim Ortbal and Budget Director Margaret McCahan, dated May 29, 2018, recommending approval of an amendment to an agreement and adoption of an appropriation ordinance and funding sources resolution amendment.

Public Comment: Roland Lebrun offered a presentation on the iStar MOU, regarding improving connectivity for bikes and pedestrians between the transit facilities.

Director of Transportation Jim Ortbal responded to questions.

Action: Upon motion by Councilmember Lan Diep, seconded by Councilmember Raul Peralez and carried unanimously, Ordinance No. 30117, entitled: “A Ordinance of the Council of the City of San José Amending Ordinance No. 29962 to Appropriate Moneys in the Building and Structure Construction Tax Fund for the Route 101/Blossom Hill Road Interchange; and Providing that this Ordinance Shall Become Effective Immediately Upon Adoption”; and Resolution No. 78635, entitled: “A Resolution of the Council of the City of San José Amending Resolution No. 78229 Setting Forth the Estimated Sources of Funds for the Fiscal Year 2017-2018 to Adjust Revenues in the Building and Structure Construction Tax Fund”, were adopted. (11-0.)

ENVIRONMENTAL & UTILITY SERVICES

7.1 18-825 **Actions Related to the Phase 1 Rates and Energy Supply Contracts for San José Clean Energy.**

- a. Adopt a resolution authorizing the Director of Community Energy to negotiate and execute energy supply contracts using the Western Systems Power Pool (“WSPP”) Agreement in an amount not to exceed \$3,000,000 in aggregate and other related action;
- c. Adopt the following Fiscal Year 2017-2018 Appropriation Ordinance and Funding Sources Resolutions amendments in the San Jose Clean Energy Fund:
 - b. Approve the initial electric generation rates for Phase I (City Accounts) as shown in Attachment 2;
 1. Increase the estimate for Financing Proceeds in the amount of \$724,000;
 2. Decrease the Non-Personal/Equipment appropriation to the Community Energy Department in the amount of \$1,232,000;
 3. Decrease the Personal Services appropriation to the Community Energy Department in the amount of \$649,000;
 4. Decrease the Personal Services appropriation to the City Attorney’s Office in the amount of \$344,000;
 5. Decrease Pacific Gas & Electric (PG&E) Security Deposit appropriation to the Community Energy Department in the amount of \$51,000; and

7.1 (Cont'd.)

- b. 6. Establish the Cost of Energy appropriation to the Community Energy Department in the amount of \$3,000,000.

CEQA: Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment; File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment. (Community Energy/City Manager)

Documents Filed: Joint memorandum from Director, Community Energy Department, Lori Mitchell and Budget Director Margaret McCahan, dated June 6, 2018, recommending adoption of an ordinance, and adoption of appropriation ordinance and funding resources resolution amendments. Director, Community Energy Department, Lori Mitchell, provided a presentation.

Action: Upon motion by Councilmember Johnny Khamis, seconded by Councilmember Raul Peralez and carried unanimously, Resolution No. 78636, entitled: “A Resolution of the Council of the City of San José (A) Authorizing the Director of Community Energy to Negotiate and Execute Energy Supply Contracts Using the Western Systems Power Pool Agreements in an Amount Not to Exceed \$3,000,000 in Aggregate; and (B) Approving the Initial Electric Generation Rates for Phase I (City Accounts)”;
Ordinance No. 30118, entitled: “A Ordinance of the Council of the City of San José Amending Ordinance No. 29962 to Appropriate Moneys in the Subdivision Park Trust Fund for the Plaza de Cesar Chavez Interim Improvements; and Providing that this Ordinance Shall Become Effective Immediately Upon Adoption”; and Resolution No. 78637, entitled: “A Resolution of the Council of the City of San José Amending Resolution No. 78229 Setting Forth the Estimated Sources of Funds for the Fiscal Year 2017-2018 to Adjust Revenues in the San José Clean Energy Fund”, were adopted. (11-0.)

7.2 18-805 **Actions Related to the Agreement with D&L Hauling & Demolition Services for the Collection, Transport, and Disposal of Residential Clean-Out Material and Construction and Demolition Debris.**

- a. Conduct a Public Hearing on the application of D&L Hauling & Demolition Services for a Non-Exclusive Franchise for the non-exclusive collection, transport, and disposal of residential clean-out material and construction and demolition debris.
- b. Approve an ordinance granting the franchise.
- c. Approve the Non-Exclusive Franchise Agreement for the collection, transport, and disposal of residential clean-out material and construction and demolition debris for a term from July 19, 2018 through June 30, 2019 with the option of two one-year extensions.

CEQA: Categorically Exempt, CEQA Guidelines Section 15308, Actions by Regulatory Agencies for Protection of the Environment, File No. PP08-228. Commercial Solid Waste and Recyclables Collection Franchise agreements between the City of San José and private haulers for commercial solid waste and mixed recyclables collection in the City of San José. (Environmental Services)

7.2 (Cont'd.)

Documents Filed: Memorandum from Director, Environmental Services, Kerrie Romanow, dated May 21, 2018, recommending conducting a public hearing, approval of an ordinance and approval of an agreement.

Public Comments: Mayor Sam Liccardo opened the public hearing. There was no public testimony from the floor. Mayor Sam Liccardo closed the public hearing.

Action: Upon motion by Councilmember Johnny Khamis, seconded by Councilmember Dev Davis and carried unanimously, Ordinance No. 30119, entitled: “A Ordinance of the Council of the City of San José Granting a Commercial Solid Waste and Recyclables Collection Franchise to David James, an Individual DBA D&L Hauling & Demolition Services”, was adopted. (9-0-2. Absent: Nguyen, Rocha.)

7.3 18-826 **Actions Related to the 7382-Digester and Thickener Facilities Upgrade Project at the San Jose-Santa Clara Regional Wastewater Facility.**

a. Approve a \$25,000,000 increase to the construction contingency amount of \$28,490,625 for a revised total contingency amount of \$53,490,625 and increasing the contract not-to-exceed amount from \$136,415,625 to a total revised contract amount not-to-exceed \$161,415,625 for the 7382 - Digester and Thickener Facilities Upgrade Project.

b. Adopt the following 2017-2018 Appropriation Ordinance Amendments in the San José- Santa Clara Treatment Plant Capital Fund:

1. Decrease the Aeration Tanks and Blower Rehabilitation Appropriation by \$18,000,000;
2. Decrease the Urgent and Unscheduled Treatment Plant Rehabilitation Appropriation by \$4,500,000;
3. Decrease the Advance Facility Control and Meter Replacement Appropriation by \$4,000,000; and
4. Increase the Digester and Thickener Facilities Upgrade Appropriation Environmental Services Department by \$26,500,000.

CEQA: Mitigated Negative Declaration for the San José-Santa Clara Regional Wastewater Facility Digester and Thickener Facilities Upgrade Project (Resolution No. 77758), File No. PP15-055. (Public Works/City Manager)

Documents Filed: (1) Letter from Sam Liccardo, Chair, Treatment Plant Advisory Committee, dated June 5, 2018, providing recommendations. (2) Joint memorandum from Director, Environmental Services, Kerrie Romanow, Budget Director Margaret McCahan and Director of Public Works, Matt Cano, dated May 30, 2018, recommending increase to the construction contingency amount and adoption of an ordinance.

Assistant City Manager Environmental Services, Ashwini Kantak and staff provided a presentation.

7.3 (Cont'd.)

Action: Upon motion by Councilmember Sergio Jimenez, seconded by Councilmember Dev Davis and carried, the increase to the construction contingency amount was approved, and Ordinance No. 30120, entitled: "A Ordinance of the Council of the City of San José Amending Ordinance No. 29962 to Appropriate Moneys in the San José – Santa Clara Treatment Plant Capital Fund for the Digester and Thickener Facilities Upgrade; and Providing that this Ordinance Shall Become Effective Immediately Upon Adoption", was adopted. (7-1-3. Noes: Khamis. Absent: Diep, Nguyen, Rocha.)

REDEVELOPMENT – SUCCESSOR AGENCY

Successor Agency to the Redevelopment Agency of the City of San José Convened.

9.1 18-810 Approval of Write-Off of Uncollectable Small Business Accounts.

Successor Agency Board adopt a resolution authorizing the Chief Financial Officer to the Successor Agency to write-off uncollectible small business loans in an amount not to exceed \$119,919.90.

CEQA: Not a Project, File No. PP17-007, Preliminary direction to staff and eventual action requires approval from decision-making body. (Finance)

Documents Filed: Memorandum from Director of Finance, Julia Cooper, dated May 21, 2018, recommending adoption of a resolution.

Director of Finance Julia H. Cooper responded to questions from Council.

Action: Upon motion by Councilmember Sergio Jimenez seconded by Councilmember Dev Davis and carried unanimously, SARA Resolution No. 7074, entitled: "A Resolution of the Successor Agency to the Redevelopment Agency of the City of San José Authorizing the Chief Financial Officer to the Successor Agency to the Redevelopment Agency to Write Off Uncollectable Small Business Loans in an Amount Not to Exceed \$119,919.90", was adopted. (8-0-3. Absent: Diep, Nguyen, Rocha.)

9.2 18-811 Successor Agency Board Approval of the July 1, 2018 - June 30, 2019 Administrative Budget and Annual Recognized Obligation Payment Schedule 18-19.

Successor Agency Board adopt resolutions approving:

- a. The Administrative Budget for July 1, 2018 through June 30, 2019;
- b. The Recognized Obligation Payment Schedule (ROPS) 18-19 and authorizing payment of expenditures for items on the Recognized Obligation Payment Schedule 18-19, which details the obligations of the Successor Agency for the period of July 1, 2018 through June 30, 2019.

CEQA: Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment. (Finance/Successor Agency)

Documents Filed: Joint memorandum from Director of Finance, Julia Cooper and Successor Agency Managing Director, Richard Keit, dated May 21, 2018, recommending approval of the Administrative Budget and ROPS 18-19.

Director of Finance Julia H. Cooper responded to questions from Council.

Action: Upon motion by Councilmember Sergio Jimenez seconded by Councilmember Dev Davis and carried unanimously, SARA Resolution No. 7075, entitled: “A Resolution of the Successor Agency to the Redevelopment Agency of the City of San José Approving the Administrative Budget for July 1, 2018 through June 30, 2019”; and SARA Resolution No.7076, “A Resolution of the Successor Agency to the Redevelopment Agency of the City of San José Approving the Recognized Obligation Payment Schedule 18-19 and Authorizing Payment of Expenditures for Items on ROPS 18-19, Which Details the Obligations of the Successor Agency for the Period of July 1, 2018 through June 30, 2019”, were adopted. (8-0-3. Absent: Diep, Nguyen, Rocha.)

The Successor Agency to the Redevelopment Agency of the City of San José was Adjourned.

OPEN FORUM

Robert Geary encouraged a more predictable timeframe for Council items to allow for ease of public participation.

ADJOURNMENT

The Council Meeting of the City of San José adjourned at 9:51 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

draft

Toni J. Taber, CMC
City Clerk

rmk/06-12-18 MIN