



Distributed on:

JUL 30 2010

by City Manager's Office

Memorandum

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Debra Figone

SUBJECT: City Manager's Weekly Report

DATE: July 30, 2010

INFORMATION

Following are the key activities to be highlighted for the month of July:

Labor Negotiations—In November 2009, the City Council approved a goal of a 5% ongoing total compensation reduction for City employees. In approving the Mayor's Budget Message on March 23, 2010, the City Council expanded the goal to include an additional 5% in personnel cost savings, including ongoing or one-time savings, to achieve a total reduction of 10%. The City is currently in negotiations with the majority of the bargaining groups to achieve the reduction of 10% in total compensation. An update on labor negotiations for the month of July is attached and is also available on the City's website at: <http://www.sanjoseca.gov/employeeRelations/labor.asp>. For more information, contact Alex Gurza, Director of Employee Relations, at 535-8150.

Algae Bloom Closes Almaden Lake to Water Activity—On Friday, July 23, 2010 Almaden Lake was closed to water activity due to algae bloom. The blue-green algae (cyanobacteria) appears to be dissipating; however, the Lake will remain closed to water contact (swimming, fishing, and boating) until further notice due to the concern of the potential health risks associated with the bloom. Almaden Lake will reopen once the concentration of blue-green algae reaches a low or undetectable level per recommended California Department of Public Health guidelines. Park staff is working closely with the Santa Clara Valley Water District and the County Department of Environmental Health to ensure that all health and safety guidelines are followed. Almaden Lake Park remains open for non-water activity Tuesday through Sundays. For more information, contact Mona Favorite-Hill at 793-5589.

Custodial Services Agreement Amendments—Three contract amendments were executed pursuant Council resolution 64250 which delegates authority to the City Manager to execute agreements and amendments during Council recess if circumstances warrant such actions. The first two contract amendments were with ACME Building Maintenance for day-shift custodial services; one amendment was for City Hall and the second amendment was for day, swing and graveyard shifts for the Airport. A third contract amendment was executed with Pacific Building Maintenance Company to expand custodial services into additional facilities at the Water Pollution Control Plant (WPCP). It was necessary to execute the amendments to allow contractors sufficient time to adjust their current staffing and training requirements in order to initiate custodial services on July 31 at the Airport, and August 2 for City Hall and the WPCP. In the Fall of 2010, the City will issue a competitive Request for Proposals (RFP) which will include

HONORABLE MAYOR AND CITY COUNCIL

Subject: City Manager's Weekly Report

Date: July 30, 2010

Page 2 of 7

requirements for custodial services Citywide. For more information, please contact Mark Giovannetti, Purchasing Division Manager, at 535-7052.

Silver Creek High School Summer Aquatics—Silver Creek High swimming pool is now open to the public for the summer. The Parks, Recreation & Neighborhood Services Department (PRNS) and the East Side Union High School District (ESUHSD), in partnership with Council District 8, collaborated to add to the pool to the City's Summer Aquatics Program. Silver Creek pool is under the operation of West Coast Aquatics. The Silver Creek agreement is the seventh in a series that have kept aquatic facilities open in San José for the 2010-2011 season. Silver Creek joins the City's six other sites; Biebrach, Camden, Fair Swim Center, Mayfair, Rotary Ryland, and Almaden Lake in offering aquatic recreation this summer. For more information on the City's Aquatics Program, contact Dan Wax, Division Manager, at 535-3576 or Ken Tanase, Facilities Division Manager, at 945-7270.

Retirement Prefunding—On July 2, the City transferred a total of \$152 million to the Federated Retirement System and the Police and Fire Retirement Plan to prefund the City's FY 2010-2011 retirement contributions. This is the third year that the City prefunded its retirement contributions; however, this year's prefunding required a significantly higher level of coordination among various City departments due to the impact of ongoing labor negotiations on the City's retirement contributions and the implantation of a short term cash borrowing as approved by Council to facilitate the cash-flow needed for this effort. Staff achieved approximately \$5.8 million of savings across all funds through the prefunding. For more information, contact Scott P. Johnson, Director of Finance, at 535-7000.

Implementation of Employee Compensation Changes—The Human Resources, Information Technology and Finance Departments are working closely with the Office of Employee Relations to implement the changes for FY 2010 - 2011 related to employee total compensation, which impacted both base pay and benefits. This multi-departmental effort included changes for the Mayor and Council, Council Appointees and nine employee groups/unions. The shift in the allocation of the pension contributions requires additional preparation and this change is scheduled to be implemented within the next few pay periods. For more information, contact Mike Ryder, Finance- Accounting Division Manager, at 535-7021.

Close Out of Union Bank Account & Website Information for Check Holder—On July 2, the City concluded its relationship with Union Bank of California (UBOC) by closing out all remaining accounts. This marked the end of a year-long City-wide coordinated effort to successfully transition the City's banking services to Wells Fargo Bank pursuant to the City's new general banking agreement. In the event a City vendor or individual requires a replacement for an outstanding UBOC check, instructions have been posted on the City's Finance Department website detailing how to request and receive a replacement check. For more information, contact Arn Andrews, Finance- Treasury Division Manager, at 535-7041.

Implementation of PayCard Program in Lieu of Paper Payroll Checks—On July 16, the City's Finance Department, in conjunction with Wells Fargo Bank (per our general banking services agreement) and department's city-wide, implemented a PayCard Program in lieu of paper payroll checks. The first phase of this program was successfully implemented for employees of the

HONORABLE MAYOR AND CITY COUNCIL

Subject: City Manager's Weekly Report

Date: July 30, 2010

Page 3 of 7

County-wide Summer Youth Program which is administered by the Office of Economic Development through a Federal grant. This first phase included the distribution of 406 PayCards to these employees. The use of PayCards will eliminate paper check printing and the related distribution costs City-wide, on a bi-weekly basis. In an effort to continue to streamline and create more efficiency in the City's financial operations, the City plans on expanding the PayCard Program within the next couple of months to other departments for those employees who are still receiving paper pay checks. San José is the first large city in California to implement the Wells Fargo PayCard program and has the highest number of cards in use. For more information, contact Dan Kadomoto, Finance - Disbursements Manager, at 535-7071.

San José Receives HOPWA SPNS Award—On June 29, the Department of Housing and Urban Development (HUD) announced that the City of San José was one of only 29 programs nationwide to be awarded funding under the Housing Opportunities for Persons with AIDS (HOPWA) Permanent Supportive Housing Renewal Grants. The \$1,262,800 grant, which is a three year grant, will allow the City, and its sub-recipient, the Health Trust, to continue to provide housing assistance and case management services to very low-income residents living with HIV/AIDS. The grant, which is the second three-year renewal of the City's HOPWA supportive housing grant, includes a 5% increase in the amount of funding for housing assistance to address some of the increase in housing costs that have occurred over the 6 years of the program's existence. For more information, contact Jessica Scheiner, Development Officer, at 975-4417.

The State Awards San José BEGIN Funds—The City was awarded \$2 million from the State Department of Housing and Community Development (HCD) from the Building Equity and Growth in Neighborhoods (BEGIN) Program. The funds will be used to provide down-payment assistance loans to approximately 22 first-time, low- or moderate-income homebuyers in The 88 – a high-rise condominium project in downtown San José. With over \$22 million awarded in funds to date, San José remains the largest beneficiary of this program throughout the State. The Housing Department was awarded \$2.82 million from this program in FY 2009-2010, and has been notified that, upon approval of the State budget, we will receive formal award letters on the following two projects:

- Villa Fontanas – 13 units for \$1,176,500
- Axis – 30 units for \$2.4 million

For more information, contact Jacky Morales-Ferrand, Assistant Director of Housing, at 535-3855.

June Passenger Traffic Essentially Flat—Airport passenger activity was essentially unchanged compared to last year for the second consecutive month. While the number of flights was down 14% and seats were down 7.6%, overall passenger traffic was only down 0.3% for June 2010 compared to June 2009. This reflects that SJC flights are running very full, confirming that carriers need to add more flights at SJC so that passenger traffic can grow. SJC traffic was down 6.7% for the entire fiscal year 2009-10, which was less than the adjusted projected 7.5% decrease for the year. Although it is too soon to indicate when activity will begin growing, the completion of the new airport and its benefits for airlines and customers should become positive factors

HONORABLE MAYOR AND CITY COUNCIL

Subject: City Manager's Weekly Report

Date: July 30, 2010

Page 4 of 7

contributing to the restoration of air service for SJC. For more information, contact Bill Sherry, Aviation Director, at 501-7669.

Alaska Airlines Announces New Flight to Cabo San Lucas—On July 29, Alaska Airlines announced that it will inaugurate new service from San José to Los Cabos, Mexico, beginning November 20, subject to government approval. The nonstop flight will operate three-times weekly. The new flights will be operated with Boeing 737-700 aircraft accommodating 12 passengers in first class and 112 in the main cabin. Earlier this year Alaska started direct service to Maui and Kona, and will launch service to Lihue and Kauai, next spring as it continues to expand its operations at SJC. In addition, Alaska's sister carrier, Horizon Air, added two daily flights to Spokane in March and will begin four daily flights to Los Angeles in August. For more information, contact Bill Sherry, Aviation Director, at 501-7669.

Terminal B, Rental Car Center, and Additional Parking Opened Successfully on June 30—On June 30, following a successful community open house the weekend of June 26-27 when 10,000 people registered to visit the new airport, Terminal B opened for full passenger operations. The convenient new consolidated rental car center across the street from Terminal B opened the same day. In addition, another 340 short-term parking spaces opened, which doubled the public parking serving Terminal B to approximately 700 spaces. Parking remains tight for the new terminal, however, the expansion of the existing parking lot south of the rental car center is expected to be completed this summer, and another new parking lot will be built on the site of Terminal C and is expected to be completed by next spring. The opening of the new terminal facilities is the result of a coordinated effort between City staff, contractors, airline and rental car partners, as well as the TSA who all worked together to deliver the new airport ahead of schedule and under budget. For more information, contact Bill Sherry, Aviation Director, at 501-7669.

More Airport Concessions Open in Terminal B—Throughout July the Airport opened six new restaurants in Terminal B as the concessions program approaches completion this year. The new restaurants include Una Mas, a Mexican quick-serve concept that opened in San José in 1991; Mojo Burger, a San José casual hamburger and chicken restaurant; Santa Cruz Wine Bar, created with the assistance of the Santa Cruz Mountains Wine Growers Association; Pizza My Heart, a locally based pizza chain; another Starbucks, the third one to open at SJC joining others in Terminal B baggage claim area and in Terminal A; and Sushi Boat featuring a wide variety of Japanese menu items and an extensive sushi list. For more information, contact Bill Sherry, Aviation Director, at 501-7669.

Terminal C Demolition Begins—With the closure of Terminal C at the end of June, work began immediately to prepare the Airport's oldest terminal for demolition this summer. Furnishings and equipment were removed and asbestos abatement began in July. Actual demolition of the South Concourse of Terminal C begins Friday, July 30 and will continue for the next two weeks. The central part of the terminal will be razed beginning mid-August and is estimated to be completed by mid-September. As the building is removed the excavation left behind will be filled and leveled in preparation for additional parking adjacent to new Terminal B. The north ticketing wing will be the final portion of the structure to be removed in late September. Work on the new parking lot will begin in October. When completed next spring, the new parking area will provide approximately 1400 new parking spaces adjacent to Terminal B. For more information, contact Bill Sherry, Aviation Director, at 501-7669.

HONORABLE MAYOR AND CITY COUNCIL

Subject: City Manager's Weekly Report

Date: July 30, 2010

Page 5 of 7

City to Study Current Garbage and Recycling Practices of Local Businesses to Improve Collection Services—During the month of August, the City will be working with the Survey and Policy Research Institute (SPRI), a non-profit organization of San José State University, to conduct a study of San José businesses' current garbage and recycling services, rates, and frequency of collection. SPRI will be randomly contacting businesses, gathering collection service information, and providing a summary of the results to the City. The City is informing businesses in advance of the study via an e-blast and a direct mail postcard. Businesses are also encouraged to learn more about the City's plans for improving business collection service at www.sjrecycles.org/business/commercial-redesign.asp. For more information, contact Arleen Arimura, Marketing and Promotions Officer, at 975-2557.

Public Comment Invited on Single-use Carryout Bags—On July 12, the Draft Environmental Impact Report (DEIR) for Single-use Carryout Bags was released. The Notice of Availability and DEIR are available on the City's Planning Department Environmental Review website. The public is invited to submit written comments by August 26. A public hearing before the Planning Commission to consider certification of the final EIR is tentatively scheduled for October 13. For more information, contact Emy Mendoza, Associate Environmental Services Specialist, at 975-2554.

City Applies for California State Environmental Protection Agency (EPA) Grant—The City's Environmental Services Department has applied for the State of California's Environmental Protection Agency's (EPA) Climate Showcase Communities grant program. The application requested the maximum grant allocation allowed per entity, \$500,000, for the procurement of an energy efficient heating and cooling system, Energy Star cool roof, smart light emitting diode (LED) streetlights, and street trees for the San José Environmental Innovation Center (EIC) located at 1608 Las Plumas Avenue. If awarded, the Environmental Services Department would provide a 50% match (\$250,000) toward these items, as a requirement of the grant. The installation of these items will reduce green house gas emissions by an estimated minimum of 43.6 metric tons of carbon dioxide equivalent (MtCO_{2e}) annually, support other activities and programs at the EIC, such as solar technologies product testing and workforce development, and help San José achieve its Green Vision goals. Grants are expected to be awarded on October 15. For more information, contact Walter Lin, Environmental Services Specialist at 975-2513

Mayfair Community Center to Host Free Diabetes Camp for Teens, Kids—On August 2-6, Mayfair Community Center will host "Healthy Challenge", a five-day day camp and parent education series for children and teens ages 10-15 who are at risk of developing or who have been diagnosed with type 2 diabetes. Participants will learn techniques to manage their health including healthy eating, exercise and attitude while participating in fun activities and exercise. Both children and parents will learn more about diabetes and health management through workshops conducted by registered dietitians, professional cooks, diabetes educators and others. The Healthy Challenge Camp is co-sponsored and supported by the American Diabetes Association and Kaiser Permanente. For more information please contact Liz Best, Therapeutic Specialist, at 794-1060.

HONORABLE MAYOR AND CITY COUNCIL

Subject: City Manager's Weekly Report

Date: July 30, 2010

Page 6 of 7

Trail Program Receives Transportation Planning Excellence Award—The City's Trail Program has received a Transportation Planning Excellence Award from the Federal Highway Administration (FHWA) and the American Planning Association (APA). The City was recognized in the "Transportation Planning and Environment" category for the Trail Program's demonstrated leadership in several areas including design, partnering and employment of practices that can be replicated by other organizations. The award program recognizes outstanding initiatives across the country to develop, plan and implement innovative transportation planning processes. For more information, contact Yves Zsutty, Program Manager, at 793-5561.

Camden Community Center Hosts 2nd Annual Community Camp Out and Movie Night—On July 24 and 25, Camden Community Center hosted the 2nd Annual Community Camp Out. Complete with 173 campers, tents were pitched on the Camden field. The Community Camp Out followed Movie in the Park presented by Camden Community Center and The Kiwanis Club of Cambrian Park on Friday, July 23. Over 200 community members attended the outdoor showing of "Hook." Movies in the park are part of an eight week series of free movies shown on Camden Community Center Park, running through August 13. For more information, contact Kiersten McCormick, Acting Recreation Supervisor, at 559-8553.

PRNS, DOT Partner for Bike Helmet Give-a-Way Program—PRNS Park Rangers are partnering with the Department of Transportation (DOT) Bike Program to provide free bicycle helmets to children in designated parks. After observing that many children are riding bikes through parks without helmets, Park Rangers contacted DOT staff to partner in the Federal "Streets Smarts" Safety Program which gives free safety approved helmets to cyclists under the age of 18. Now Park Rangers are issuing the helmets to young cyclists in the parks free of charge in Prusch and Alum Rock Parks as needed. The rangers are ensuring the helmets are fitted properly as well. For more information, contact Alex Pearson, Parks Facility Supervisor, at 794-6260.

Millard Sheets Mural Successfully Removed from Terminal C—On July 9, the Millard Sheets mural depicting the history of Santa Clara Valley was successfully removed from the Terminal C wall where it had been displayed since 1977. The mural was a gift to the people of San José by the San José Mercury and San José News commemorating the city's bicentennial and the 125th birthday of the newspaper. The Airport and Public Art Program are currently evaluating its final location. For more information, contact Bill Sherry, Aviation Director, at (408) 501-7669, or Barbara Goldstein, San José Public Art Program, at 793-4337

Street Signs Bring Recognition to San José as a Solar America City—In 2008, the U.S. Department of Energy (DOE) named San José as one of 25 Solar America Cities. The DOE provided street signs to each Solar America City in recognition of their efforts to spread the adoption of solar technologies. According to the California Solar Initiative, the state's aggressive program to install solar, San José has installed more solar power than any other city in the State. Since January 2007, San José residents and businesses have installed 14.9 megawatts of solar power on residential and commercial roofs. In recognition of this accomplishment, the City installed five Solar America City signs in July in neighborhoods with high numbers of solar installations. To view solar installation locations, visit the Silicon Valley Energy Map. For more information, contact Mary Tucker, Environmental Program Manager, at 975-2581.

HONORABLE MAYOR AND CITY COUNCIL

Subject: City Manager's Weekly Report

Date: July 30, 2010

Page 7 of 7

Volunteer Opportunity for Music and Environment Lovers—The San José Jazz Festival is currently seeking volunteers to assist with its recycling and compost stations located throughout the event. As a volunteer (high school students and/or adults), your work will assist the City and the San José Jazz Festival keep recyclable/compostable materials out of the landfill while enjoying great music. To register, visit the Jazz Festival website www.jazzfest.sanjosejazz.org/volunteers-central, and complete the volunteer registration form. All volunteers will receive a free Festival T-shirt, drink tickets good for sodas or water, and a wristband that allows free access to the festival on the days worked.

Upcoming Meetings & Events

Music in the Park Celebrates 22 years—Thursdays, June 3 through August 26, from 5:30 p.m. to 9:15 p.m. in Plaza de Cesar Chavez Park. For more information, contact Rick Jensen at 279-1775 or www.sjdowntown.com.

Healthy Challenge Diabetes Camp for Teens & Kids—Monday, August 2 through Friday, August 6, from 9:00 a.m. to 4:00 p.m., Mayfair Community Center. For more information please contact Liz Best at 408-794-1060 or liz.best@sanjoseca.gov.

Backesto Flea Market—Saturday, August 7, from 5:30 p.m. to 9:15 p.m., in Backesto Park. For more information, contact Chuck Hagenmaier at 295-5860 or chagenmaier@att.net.

Ecstasy and Its Mimic Drugs: The New Teenage Drug Epidemic Workshop—Thursday, August 12, 9:00 a.m. – 12:30 p.m. or 1:30 p.m. – 5:00 p.m. The San Jose Masonic Center 2500 Masonic Drive, San Jose. Register online at : <http://elearning.networkofcare.org/scpub> or call 792-3900.

San José Jazz Festival—Friday, August 13 through Sunday, August 15 in Plaza de Cesar Chavez Park. Schedule on Friday, August 13 is from 5:00 p.m.-10:00 p.m., Saturday, August 14 from 12:00 p.m.-10:00 p.m., and on Sunday, August 15, from 12:00 p.m.-9:00 p.m. For more information, contact Bruce Labadie at 831-457-1141 or brucelabadie@yahoo.com.

San José Pride—Saturday, August 23 through Sunday, August 22, Guadalupe River Park and Discovery Meadow. Saturday, August 21 11:00 a.m.-6:00 p.m., Sunday, August 22, 11:00 a.m.-7:00 p.m. For more information, contact Gary Walker at 831-338-2578 or gdonwalker@aol.com.

Italian-American Family Festa—Friday, August 27 through Sunday, August 29, Guadalupe River Park Arena Green-East. Schedule on Friday, August 27 is from 5:00 p.m.-7:00 p.m., Saturday, August 28 from 11:00 a.m.-8:00 p.m., Sunday, August 29 from 11:00 a.m.-6:00 p.m. Anticipated attendance is 20,000. For more information, contact Joe Rizzi at 206—8655 or italianfamilyfesta@yahoo.com.


Debra Figone
City Manager

Distributed on:

SENT TO COUNCIL:

JUL 29 2010

by City Manager's Office



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Gurza

SUBJECT: Status of Labor Negotiations

DATE: July 29, 2010

Approved

Date

7/29/10

INFORMATION

The purpose of this memorandum is to provide a brief update on the status of labor negotiations since the City Council was last updated in closed session on June 22nd.

The City Council provided us with direction on continuing negotiations and discussions with the San Jose Police Officers' Association (POA), the San Jose Fire Fighters (IAFF, Local 230), the Municipal Employees' Federation (MEF, AFSCME, Local 101), the Confidential Employees' Organization (CEO, AFSCME, Local 101) and the Association of Building, Mechanical and Electrical Inspectors (ABMEI). The focus of these negotiations and discussions was to try to reach an agreement so that any agreement could be placed on the August 3rd City Council agenda, thereby avoiding layoffs scheduled for the end of July and beginning of August. The bargaining units were notified that an agreement would have to be reached by July 19th in order to do so.

San Jose Police Officers' Association (POA)

We were successful in reaching an agreement with the San Jose Police Officers' Association by July 19th that generated enough savings that allowed us to provide a commitment to the POA that there would be no layoffs of police officers in Fiscal Year 2010-2011. This agreement has been ratified by the POA membership and is on the August 3rd City Council agenda for approval. The police officers who would have been laid off effective July 30th have been notified that the layoffs will not occur pending City Council approval of the tentative agreement.

The City Council memo regarding the tentative agreement with the POA can be found here: <http://www.sanjoseca.gov/employeeRelations/poa/POACouncilMemodated07.19.10.pdf>.

San Jose Fire Fighters, IAFF, Local 230

Unfortunately, we have not been able to reach an agreement with the San Jose Fire Fighters. Even though they were notified of the July 19th deadline, the San Jose Fire Fighters gave the City an additional proposal on July 21st that does not include any more reductions in pay and benefits than their June 21st proposal that was reviewed by the City Council. In addition, the San Jose

Fire Fighters included a no layoff pledge in their July 21st proposal that was not included in their June 21st proposal. However, the savings that would be generated from their proposal is approximately \$6 million dollars short of being able to provide a guarantee of no layoffs.

Association of Building, Mechanical and Electrical Inspectors (ABMEI).

In April 2010, the City imposed a 5% total compensation reduction on ABMEI. Subsequent to that, ABMEI expressed an interest in accepting a 10% total compensation reduction, which was double what the City had imposed in April. We contacted ABMEI multiple times to discuss their interest in a 10% reduction, but have not received a response.

Municipal Employees' Federation and Confidential Employees' Organization, AFSCME Local 101 (MEF and CEO)

MEF and CEO are the only two bargaining units who have previously negotiated contracts that extend through Fiscal Year 2010-2011. These contracts that were negotiated in 2008 are considered "closed" contracts because, based on the provisions of the contracts, the City cannot require these unions to negotiate over changes to wages and benefits contained in their contracts until these contracts expire in 2011. Under the current contracts for these bargaining units, employees are entitled to receive a 2% general wage increase in Fiscal Year 2010-2011. In addition to the 2% wage increase, employees represented by these two bargaining units who are not already at the top of the pay range of their job classification are entitled to a 5% automatic step (wage) increase.

Since we had not reached agreements with MEF or CEO regarding potential concessions they could offer to avoid layoffs and service reductions before the City Council adopted the budget for the 2010-2011 Fiscal Year, discussions with MEF and CEO continued in July. Along with a proposal for a 10% total compensation reduction, the City provided MEF and CEO with a wage freeze proposal, that included foregoing the 2% general wage increase and freezing 5% automatic step increases for Fiscal Year 2010-2011. Unfortunately, MEF and CEO rejected both of the City's proposals and provided a counter proposal. One of the concerns with MEF's and CEO's proposal was that their contracts would be extended through 2013. Unfortunately, we were not able to reach an agreement on amending the current MEF and CEO contracts. However, we will be negotiating new contracts with MEF and CEO in 2011.

We will provide more detailed updates to the City Council in closed session on August 3rd.

All proposals and correspondence with all bargaining units related to negotiations are available on the City's Labor Relations webpage at:

<http://www.sanjoseca.gov/employeerelations/labor.asp>



Alex Gurza
Director of Employee Relations

For questions please contact Alex Gurza, Director of Employee Relations, at 535-8155.

