CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

REDEVELOPMENT AGENCY MINUTES

DECEMBER 13, 2005

LINDA J. LE ZOTTE	DISTRICT 1		KEN YEAGER	DISTRICT 6
FORREST WILLIAMS	DISTRICT 2		MADISON P. NGUYEN	DISTRICT 7
CINDY CHAVEZ	DISTRICT 3	RON GONZALES – CHAIR	DAVID D. CORTESE	DISTRICT 8
CHUCK REED	DISTRICT 4		JUDY CHIRCO	DISTRICT 9
NORA CAMPOS	DISTRICT 5		NANCY PYLE	DISTRICT 10

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Welcome to the San Jose Redevelopment Agency's Board meeting. Our Board is composed of the ten City Council Members and the Mayor, who serve as our Boardmembers and Chairperson.

If you wish to address the Redevelopment Agency about an issue that is not on the agenda, you may speak during the "Open Forum" during the City Council's meeting. The Council/Agency is unable to take action on issues presented during "Open Forum."

The Agenda following this page contains a Consent Calendar section for routine business items requiring Redevelopment Agency approval, as well as general business items arranged corresponding to the Agency's Critical Service Areas. The Critical Service Areas represent the policy-making level for strategic planning, policy setting, and investment decisions in the critical functions the Agency provides to the community and to the City. The four Critical Service Areas are:

- ***Promote and Implement Neighborhood Improvement Strategies*** — Through collaboration, revitalize commercial and residential neighborhoods so they are livable, safe, diverse and economically sustainable.
- ***Enhance the Quality and Supply of the City's Housing Stock*** — Enhance the Quality and Supply of the City's Housing Stock
- ***Initiate and Facilitate Public Facilities and Spaces*** — To guide the creation of a fabric of public facilities and spaces that is useful, stable, inviting, delightful and instills pride in the community to foster the opportunity for other investments
- ***Initiate and Facilitate Private Development*** — Capitalize on market opportunities and facilitate private development in the fastest possible time with the highest quality customer service

You may provide input on agenda items by filling out a BLUE Speaker's Card and submitting it to the City Clerk or Agency's Clerk during the meeting. If you wish to speak to the Agency, some tips to help you are noted below:

- **Submit a speaker's card before the meeting and before the item is heard**. This will ensure that your name is called for the items you wish to address, and ensure the meeting runs smoothly for all participants.
- When the Board reaches your item on the agenda, the Chairperson will open the public hearing and call your name. Please address the Agency from the speaker's podium.
- Each speaker generally has two minutes to speak per item. The amount of time allotted to speakers may vary at the Chairperson's discretion however, depending on the number of speakers and length of agenda.

If you have any questions, please direct them to Agency staff seated at the tables just below the dais. Thank you for taking the time to attend today's meeting. We look forward to seeing you at future meetings. The Redevelopment Agency meets on Tuesdays, following the City Council's meeting at 1:30 p.m.

Meeting agendas are posted outside City Hall and the agendas and Agency Board Staff Reports may be viewed on the Internet at http://www.sjredevelopment.org/agendas.htm. To arrange an accommodation under the Americans with Disabilities Act to participate in this public meeting, please call (408) 535-1260 or (408) 998-5299 (TTY) at least two business days before the meeting.

On occasion the Redevelopment Agency may consider agenda items out of order.

- Call to Order and Roll Call

  9:34 a.m. - Closed Session, City Hall Tower, 18th Floor, City Hall
  Absent – Board Members: None.

  8:20 p.m. - Regular Session, Council Chambers, City Hall
  Absent – Board Members: Chavez (Excused)

- Orders of the Day

  Upon motion by Board Member Campos, seconded by Board Member Chirco, and unanimously carried, the Order of the Day and the Amended Agenda were approved. (10-0-1). Absent: Chavez.

1. CEREMONIAL ITEMS

None.

2. CONSENT CALENDAR

2.1 Approval of an amendment to the agreement with URS Corporation for environmental services.

Recommendation: Approval of the fourth amendment to the agreement with URS Corporation, for environmental sampling, testing, remediation documents and monitoring related to the CIM downtown mixed-use project, continuing and extending the term one year to December 31, 2006, at no additional cost to the Agency. CEQA: Resolution No. 71039.1, RCP 02-012, -013, -014 **[MERGED]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending approval of the amendment.

Action: The amendment was approved. (10-0-1). Absent: Chavez.

2. CONSENT CALENDAR

2.2 Approval of an amendment to the agreement with URS Corporation for environmental services.

Recommendation: Approval of the second amendment to the agreement with URS Corporation, in the amount of $81,800 for a total amount not to exceed $155,000, for soil, gas and groundwater testing and preparation of a risk management plan related to the McEnery Convention Center Temporary Expansion (South Hall), and extension of the term by one year to December 31, 2006. CEQA: Mitigated ND, CP04-02 **[MERGED]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending approval of the amendment.

Action: The second amendment was approved. (10-0-1). Absent: Chavez.

2.3 Approval of an amendment to the agreement with Patri Merker Architects.

Recommendation: Approval of the second amendment to the agreement with Patri Merker Architects, in the amount of $83,000, for a total amount not to exceed $570,000, and revising the scope of services to include Phase 2 improvements to the San Jose McEnery Convention Center Temporary Expansion. CEQA: Mitigated Negative Declaration, CP04-028 **[MERGED]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending approval of the amendment.

Action: The second amendment was approved. (10-0-1). Absent: Chavez.

2.4 Approval of an amendment to the agreement with EDS.

Recommendation: Approval of the fourth amendment to the agreement with Economic Development Systems, extending the agreement by one-year, for retail consulting services for the Downtown Redevelopment Project Areas, Neighborhood Business District Areas and the SNI Redevelopment Project Area, at no additional cost to the Agency. **[MERGED]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending approval of the amendment.

Action: The fourth amendment was approved. (10-0-1). Absent: Chavez.

2. CONSENT CALENDAR

2.5 Approval of an agreement with Keyser Marston Associates, Inc.

Recommendation: Approval of an agreement with Keyser Marston Associates, Inc., for real estate and financial consulting services, in an amount not to exceed $236,000, for the period January 1 through December 31, 2006. **[MERGED]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending approval of the agreement.

Action: The agreement was approved. (10-0-1). Absent: Chavez.

2.6 Approval of Agency insurance policy renewals for 2006.

Recommendation: Approval for the purchase of Agency insurance policy renewals from Illinois Union Insurance Company for commercial general liability coverage and Scottsdale Insurance Company for excess liability coverage, in the total amount of $157,940, for the period January 1 - December 31, 2006. **[MERGED]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending approval of the purchase of Agency insurance policy renewals.

Action: The purchase was approved. (10-0-1). Absent: Chavez.

2.7 Approval of the first amendment to the agreement with Ellipsis, LLC.

Recommendation: Approval of the first amendment to the agreement with Ellipsis, LLC, in the amount of $25,775 for a total contract amount not to exceed $291,445, revising the scope and extending the term of the agreement through December 31, 2006, for continued architecture, bidding and construction administration services for the Guadalupe River Park and Gardens, Heritage Plaza site. CEQA: Exempt **[MERGED]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending the amendment.

Action: The amendment was approved. (10-0-1). Absent: Chavez.

2. CONSENT CALENDAR

2.8 Approval of an agreement with CityYear San Jose/Silicon Valley.

Recommendation: Approval of an agreement with CityYear San Jose/Silicon Valley, in an amount not to exceed $180,000, to provide CityYear teams to conduct community-organizing services in the Strong Neighborhoods Initiative Redevelopment Project Area. CEQA: Exempt, PP05-144 **[SNI]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending approval of the agreement.

Action: The agreement was approved. (10-0-1). Absent: Chavez.

2.9 Approval of amendments to the agreements with Invesmart, Inc., and Invesmart Advisors, Inc., extending the term of the agreements.

Recommendations: Adoption of a resolution authorizing the Executive Director to negotiate and execute;

(a) The third amendment to the agreement with Invesmart, Inc., extending the term for six months through June 30, 2006, at no additional cost to the Agency for plan administrative services for the Agency's Retirement and Deferred Compensation Plans; and,

(b) The third amendment to the agreement with Invesmart Advisors, Inc., extending the term for six months through June 30, 2006, at no additional cost to the Agency for investment advisory services.

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending approval of the amendments.

Action: The amendment was approved and Agency Resolution No. 5655 adopted. (10-0-1). Absent: Chavez.

2.10 Approval of budget actions related to the San Jose State University Public Art Project.

Recommendation: Adoption of a resolution approving an adjustment to the FY 2005-2006 Capital Budget to add $40,000 to a new project line called San Jose State University Public Art Project in the Merged Redevelopment Area and amending the FY 2005-2006 Agency appropriations resolution. CEQA: Exempt, PP05-221 **[MERGED]**

(Item continued on next page.)

2. CONSENT CALENDAR

2.10 (Cont'd.)

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending adoption of the resolution.

Action: Agency Resolution No. 5656 was adopted. (10-0-1). Absent: Chavez.

3. GENERAL

3.1 Acceptance of Agency Financial Reports

(a) Monthly Financial Statements – October 2005
(b) Capital Cost Report - October 2005
(c) Cash Flow Projection - October 2005

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending acceptance of the reports.

Action: The Reports were accepted. (9-1-1). Noes: LeZotte. Absent: Chavez.

4. NEIGHBORHOOD IMPROVEMENT STRATEGIES

4.1 Approval of an amendment to an Owner Participation Agreement with the East Side Union High School District.

Recommendation: Approval of the first amendment to an Owner Participation Agreement with the East Side Union High School District, to obtain public parking use rights at James Lick High School for owners and employees of businesses in the Alum Rock Village. CEQA: Exempt. File No. PP05-271 **[ALUM ROCK]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending approval of the amendment.

Action: The amendment was approved. (10-0-1). Absent: Chavez.

5. HOUSING

6. PUBLIC FACILITIES AND SPACES

6.1 Approval to award a contract for demolition of the Starbird Teen Center building.

Recommendation: Adoption of a resolution authorizing the Executive Director to award a construction contract, in a total amount not to exceed $100,000 including a 10% contingency, for the demolition of the Starbird Teen Center building, located at 1050 Boynton Avenue. CEQA: Exempt, File No. PP05-049 **[BLACKFORD SNI]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending adoption of the resolution.

Action: Agency Resolution No. 5657 adopted. (10-0-1). Absent: Chavez.

6.2 Authority to award a contract to Otis Elevator Company for the repair of the California Theatre performance lift.

Recommendation: Adoption of a resolution authorizing the Executive Director to negotiate and execute the award of a contract to Otis Elevator Company for the repair of the California Theatre performance lift, in an amount not to exceed $400,000. CEQA: Resolution No. 68839 **[MARKET GATEWAY]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending adoption of the resolution.

Action: Agency Resolution No. 5658 adopted. (10-0-1). Absent: Chavez.

7. PRIVATE DEVELOPMENT

7.1 Approval of a Facade Improvement Agreement for 142-150 East Santa Clara Street.

Recommendation: Approval of a Facade Improvement Agreement, in the amount of $231,000, including a construction contingency of $21,000, with Celia R. Donnelly and Roger Donnelly, owners of the building located at 142-150 East Santa Clara Street, formerly known as the State Meat Market. Exempt; PP05-230 **[CENTURY CENTER]**

(Item continued on next page.)

7. PRIVATE DEVELOPMENT

7.1 (Cont'd.)

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending approval of the agreement.

Action: The agreement was approved. (10-0-1). Absent: Chavez.

7.2 Approval of an amendment to the Reciprocal Easement Agreement with Light Tower Associates.

Recommendation: Approval of the first amendment to the Reciprocal Easement Agreement with Light Tower Associates, LLC, pertaining to allocation of insurance costs for the Fairmont Annex Retail Parcel between the Light Tower Associates, LLC, and the San Jose Redevelopment Agency. CEQA: Resolution No. 68096 **[SAN ANTONIO PLAZA]**

Documents Filed: None.

Action: This item was deferred to January 24, 2006.

7.3 Approval of actions related to the proposed development of San Antonio Plaza Block 2.

Recommendation: Adoption of a resolution:

(a) Authorizing the Executive Director to terminate a Disposition and Development Agreement with 8 East, LLC, if necessary, for Agency-owned property on San Fernando Street, between First and Second Streets (Block 2); and,

(b) Authorizing the Executive Director to negotiate and execute an Exclusive Negotiations Agreement with The Living Tomorrow Future Forum, Vzw, subject to the termination of the 8 East, LLC DDA, for a 180-day term, with an option to extend for an additional 60-day period, for the proposed development of a 270,000 square foot building on Block 2 in the San Antonio Plaza Redevelopment Project Area.

[SAN ANTONIO PLAZA]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending adoption of the resolution.

(Item continued on next page.)

7. PRIVATE DEVELOPMENT

7.3 (Cont'd.)

Discussion: Council Member Campos requested staff to return to the Board before termination of the agreement for further discussion.

Action: Agency Resolution No. 5659 adopted. (10-0-1). Absent: Chavez.

7.4 Amendment of a lease with Two Fish Design Group for 366 South First Street.

Recommendation: Adoption of a resolution authorizing the Executive Director to negotiate and execute an amendment to the lease with Brian Eder and Cherri Lakey, individuals dba Two Fish Design Group, for the Agency-owned building at 366 South First Street, to allow the Agency to construct certain building improvements. CEQA: Exempt; PP05-276 **[MARKET-GATEWAY]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending adoption of the resolution.

Action: Agency Resolution No. 5660 adopted. (9-0-2). Absent: Chavez, Chirco.

8. JOINT REDEVELOPMENT AGENCY/COUNCIL

The City Council convened at 8:38 p.m. to consider Item 8.1 in a Joint Session.

8.1 Approval of the Annual Report of Financial Transactions of Community Redevelopment Agencies.

Recommendation: Adoption of resolutions by the City Council and Agency Board approving, in substantial form, the Annual Report of Financial Transactions of Community Redevelopment Agencies, Fiscal Year 2004-05, and directing staff to forward the report to the State of California Controller. **[MERGED]** **(Deferred 12/6/05, Item 8.1)**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 13, 2005, recommending adoption of the resolution.

Action: Resolution No. 73028 and Agency Resolution No. 5661 were adopted. (10-0-1). Absent: Chavez.

The City Council portion of the meeting adjourned at 8:39 p.m.

- Closed Session Report
  None.

- Open Forum –
  None.

- Adjournment
  The Redevelopment Agency Board adjourned at 8:39 p.m.

RON GONZALES, BOARD CHAIR

ATTEST:

HARRY S. MAVROGENES, SECRETARY