



REDEVELOPMENT AGENCY BOARD

MINUTES

JUNE 24, 2008

PETE CONSTANT
FORREST WILLIAMS
SAM T. LICCARDO
KANSEN CHU
NORA CAMPOS

DISTRICT 1
DISTRICT 2
DISTRICT 3
DISTRICT 4
DISTRICT 5

CHUCK REED – CHAIR

PIERLUIGI OLIVERIO
MADISON P. NGUYEN
DAVID D. CORTESE
JUDY CHIRCO
NANCY PYLE

DISTRICT 6
DISTRICT 7
DISTRICT 8
DISTRICT 9
DISTRICT 10

Call to Order and Roll Call

8:30 a.m. - Closed Session, Council Chambers Conference Room W133

Absent: Member Constant (Excused)

11:22 a.m. - Regular Session, Council Chambers, City Hall

Absent: Member Constant (Excused)

- Open Forum
- Closed Session Report
None.
- Orders of the Day
The Orders of the Day were approved. (10-0-1)

1 CEREMONIAL ITEMS

None

2 CONSENT CALENDAR

2.1 Approval of Board Meeting Minutes.

Recommendation: Approval of Redevelopment Agency Minutes for:

- (a) Regular meeting of June 3, 2008.

Documents Filed: Regular minutes of June 3, 2008.

Action: The Redevelopment Agency minutes were approved. (10-0-1) Absent: Constant.

2.2 Report of the Rules and Open Government Committee – June 4, 2008.

Chair Reed, Chairperson

- (a) Review June 10, 2008, Final Agenda.
- (b) Review June 17, 2008, Draft Agenda.
- (c) Assign “Time Certain” for convening Redevelopment Agency Agenda.

Documents Filed: Report of the Rules and Open Government Committee of June 4, 2008.

Action: The Rules and Open Government Committee report and actions of June 4, 2008, were approved. (11-0)

2. CONSENT CALENDAR

2.3 Approval of amendment to the agreement with Webb Management Services, Inc., for analyses of cultural facilities related to several San Jose arts groups.

Recommendations: Approval of the second amendment to the agreement with Webb Management Services, Inc., in the amount of \$83,250 for total compensation not to exceed \$177,250, for an analysis of cultural facilities related to San Jose Taiko, San Jose Stage Company, and Movimiento de Arte y Cultura Latino Americana, revising the scope of services and schedule of performance. CEQA: Not a project. [MERGED]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending approval of the second amendment to the agreement with Webb Management Services, Inc.

Action: The Redevelopment Agency Board approved the second amendment to the agreement with Webb Management Services, Inc. (10-0-1) Absent: Constant.

2.4 Approval of an amendment to the agreement with Bill Gould Design Art & Architecture for the Starbird Teen Center Project.

Recommendation: Approval of the fourth amendment to the agreement with Bill Gould Design Art & Architecture for the Starbird Teen Center Project, amending the contract term and schedule of performance to extend the term of the agreement one additional year, through June 30, 2009, and amending the compensation schedule with no change to the existing contract amount of \$363,690. CEQA: Exempt. File No. PP05-049. [BLACKFORD SNI]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending approval of the fourth amendment to the agreement with Bill Gould Design Art & Architecture for the Starbird Teen Center Project, amending the contract term and schedule of performance to extend the term of the agreement one additional year, through June 30, 2009, and amending the compensation schedule.

Action: The Redevelopment Agency Board approved the fourth amendment to the agreement with Bill Gould Design Art & Architecture. (10-0-1) Absent: Constant.

2. CONSENT CALENDAR

2.5 Approval of an amendment to the agreement with the San Jose Conservation Corps.

Recommendation: Approval of the fourth amendment to the agreement with the San Jose Conservation Corps, in the amount of \$60,000 for a total contract amount not to exceed \$280,000, for community improvement services in Redevelopment Project Areas, and extension of the term of the agreement by 15 months through September 30, 2009. CEQA: Resolution No. 71042, PP08-092. [SNI/NBD] (Deferred 6/10/08, Item 2.4)

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated May 29, 2008, recommending approval of the fourth amendment to the agreement with the San Jose Conservation Corps and extension of the term of the agreement by 15 months through September 30, 2009.

Action: The Redevelopment Agency Board approved the fourth amendment to the agreement with the San Jose Conservation Corps. (10-0-1) Absent: Constant.

3 GENERAL

3.1 Approval of an agreement with the San Jose Downtown Association for promotional and marketing consulting services.

Recommendation: Approval of an agreement with the San Jose Downtown Association, in an amount not to exceed \$525,000, for promotional and marketing and public space programming for the period July 1, 2008 through June 30, 2009. CEQA: Exempt File No. PP08-105. [MERGED] (Deferred 6/17/08, Item 3.1)

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 5, 2008, recommending approval of an agreement with the San Jose Downtown Association for promotional and marketing and public space programming.

Action: The Redevelopment Agency Board approved the agreement with the San Jose Downtown Association. (10-0-1) Absent: Constant.

4 NEIGHBORHOOD IMPROVEMENT STRATEGIES

None

5 HOUSING

None

6 PUBLIC FACILITIES AND SPACES

6.1 Approval of an agreement with ELS Architecture and Urban Design for services for the Civic Auditorium and Montgomery Theatre.

Recommendation: Approval of an agreement with ELS Architecture and Urban Design, in the amount of \$396,100, for architectural and design services for the Civic Auditorium and Montgomery Theatre. CEQA: Not a project. [PARK CENTER PLAZA]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending approval of an agreement with ELS Architecture and Urban Design for architectural and design services for the Civic Auditorium and Montgomery Theatre.

Action: The Redevelopment Agency Board approved the agreement with ELS Architecture and Urban Design. (10-0-1) Absent: Constant.

7 PRIVATE DEVELOPMENT

7.1 Action related to approving an Interim Affordability Agreement with The Globe at 2nd and Santa Clara to allow temporary rental of the residential units.

Recommendation: Adoption of a resolution authorizing the Executive Director to negotiate and execute an Interim Affordability Agreement with The Globe at 2nd and Santa Clara to allow for the temporary rental of the affordable residential units. CEQA: Resolution No. 71039, File No. HA03-002-01. [CENTURY CENTER]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending adoption of a resolution authorizing the Executive Director to negotiate and execute an Interim Affordability Agreement with The Globe at 2nd and Santa Clara.

Action: Agency Resolution No. 5843 adopted. (10-0-1) Absent: Constant.

7 PRIVATE DEVELOPMENT

7.2 Approval of an amendment to the Sublease and Co-Sponsorship Operating Agreement with the San Jose State University Research Foundation.

Recommendation: Approval of the third amendment to the Sublease and Co-Sponsorship Operating Agreement with the San Jose State University Research Foundation (SJSURF) for the operation of the San Jose BioCenter (BioCenter), extending the Agency's obligation to pay the Base Rent for the BioCenter from July 1, 2008, through June 30, 2009, for a total payment of \$439,128. CEQA: Not a project [EDENVALE]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending approval of the third amendment to the Sublease and Co-Sponsorship Operating Agreement with the SJSURF for the operation of the San Jose BioCenter, extending the Agency's obligation to pay the Base Rent for the BioCenter from July 1, 2008, through June 30, 2009.

Action: The Redevelopment Agency Board approved the third amendment to the Sublease and Co-Sponsorship Operating Agreement with the SJSURF. (10-0-1) Absent: Constant.

7.3 Owner Participation Agreement with Design Acquisition Corp. for rehabilitation of the building at 505 South Market Street.

Recommendation: Adoption of a resolution authorizing the Executive Director to negotiate and execute an Owner Participation Agreement with Design Acquisition Corp., in an amount not to exceed \$630,000, for the rehabilitation of the building at 505 South Market Street to accommodate the relocation of BCA Architects' corporate headquarters to Downtown San Jose. CEQA: Resolution No 72767, File No. PP08-118. [MONTEREY CORRIDOR]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending adoption of a resolution authorizing the Executive Director to negotiate and execute an Owner Participation Agreement with Design Acquisition Corp., for the rehabilitation of the building at 505 South Market Street to accommodate the relocation of BCA Architects' corporate headquarters to Downtown San Jose.

Action: Agency Resolution No. 5844 adopted. (10-0-1) Absent: Constant.

7 PRIVATE DEVELOPMENT

7.4 Approval of an amendment to the DDA with Wilcox Block, LLC, for the buildings located at 93-99 South First Street and 17-31 West San Fernando.

Recommendation: Approval of a second amendment to the Disposition and Development Agreement (DDA) with Wilcox Block, LLC, in the amount of \$100,000, for exterior architectural enhancements and an increase in the term of the Operation and Maintenance Covenants by five years for the buildings located at 93-99 South First Street and 17-31 West San Fernando. CEQA: Resolution No 72767, File No. PP08-116. [PUEBLO UNO]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending approval of the second amendment to the DDA with Wilcox Block, LLC, for exterior architectural enhancements and an increase in the term of the Operation and Maintenance Covenants by five years for the buildings located at 93-99 South First Street and 17-31 West San Fernando.

Action: The Redevelopment Agency Board approved the second amendment to the Disposition and Development Agreement with Wilcox Block, LLC, and increased the term of the Operation and Maintenance Covenants by five years. (10-0-1) Absent: Constant.

7.5 Actions related to the facility lease and Co-Sponsorship Operating Agreement for the San Jose Entrepreneur Center.

Recommendations: Adoption of a resolution:

- (a) Authorizing the Executive Director to negotiate and execute a second amendment to the Lease Agreement for the San Jose Entrepreneur Center with the Redevelopment Agency as lessee, and Ernest and Irene Pestana as lessors, for 16,350 square feet of office space at 84 West Santa Clara Street for a 13-month term at 23,484.83 per month (\$305,302.79 for 13 months) and to exercise two 12-month options for a total amount not to exceed \$903,207.71 (37 months); and,

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7 PRIVATE DEVELOPMENT

(Cont'd)

- 7.5 (b) Authorizing the Executive Director to negotiate and execute a Co-sponsorship Agreement with the Northern California Small Business Development Center, a program of the Humboldt State University Sponsored Programs Foundation, that designates them as the Entrepreneur Center's fiscal sponsor and operator.

CEQA: Exempt; PP05-109. [PUEBLO UNO] [Deferred 6/28/05, Item 7.2]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending adoption of a resolution (a) the Executive Director to negotiate and execute a second amendment to the Lease Agreement for the San Jose Entrepreneur Center with the Redevelopment Agency as lessee, and Ernest and Irene Pestana as lessors, for 16,350 square feet of office space at 84 West Santa Clara Street for a 13-month term at 23,484.83 per month (\$305,302.79 for 13 months) and to exercise two 12-month options for a total amount not to exceed \$903,207.71 (37 months); and, (b) Authorizing the Executive Director to negotiate and execute a Co-sponsorship Agreement with the Northern California Small Business Development Center, a program of the Humboldt State University Sponsored Programs Foundation, that designates them as the Entrepreneur Center's fiscal sponsor and operator.

Public Comments: Mark Quinn spoke in support to Item 7.5.

Action: Agency Resolution No. 5845 adopted. (10-0-1) Absent: Constant.

- 7.6 **Approval of an agreement with the Downtown Association for the Downtown Ice Rink.**

Recommendation: Approval of an agreement with the San Jose Downtown Association, in the amount of \$155,000 per year for three years for a total amount of \$465,000, to assist the Association in operating the Downtown Ice Event in the Circle of Palms Plaza through the 2010/2011 holiday season. CEQA: Exempt, File No. PP08-100. [SAN ANTONIO PLAZA]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending approval of an agreement with the San Jose Downtown Association for operating the Downtown Ice Event in the Circle of Palms Plaza through the 2010/2011 holiday season.

Action: The Redevelopment Agency Board approved the agreement with the San Jose Downtown Association. (10-0-1) Absent: Constant.

7 PRIVATE DEVELOPMENT

7.7 Approval of an ENA with Mesa San Jose Building II, LLC for the proposed sale and development of the Block 2 Site.

Recommendation: Approval of an Exclusive Negotiations Agreement (ENA) with Mesa San Jose Building II, LLC, for a 270-day term with an option to extend for an additional 90-day period, for the proposed sale and development of the Block 2 Site, located on the south side of San Fernando, between First and Second Streets. CEQA: Exempt File No. PP08-110. [SAN ANTONIO PLAZA]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending approval of ENA with Mesa San Jose Building II, LLC, for a 270-day term with an option to extend for an additional 90-day period, for the proposed sale and development of the Block 2 Site, located on the south side of San Fernando, between First and Second Streets.

Action: The Redevelopment Agency Board approved an Exclusive Negotiations Agreement with Mesa San Jose Building II, LLC, for a 270-day term and an option to extend for an additional 90-day period. (10-0-1) Absent: Constant.

7.8 Actions related to The 88, a mixed-use project at Block 3, on San Fernando between 2nd and Third Streets.

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

- (a) An amendment to the recorded Declaration of Covenants and Restrictions Affecting Real Property and Reciprocal Easement Agreement with Block 3 Development Partners, to modify the definition of common areas and clarify responsibilities of parties, and,
- (b) A Master Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements for The 88, A Mixed Use Community, and certain associated documents implementing a governance structure for the Master Association and describing the responsibilities of the parties; and,

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7 PRIVATE DEVELOPMENT

(Cont'd)

- 7.8 (c) A Parking Operations Plan with Block 3 Development Partners for Block 3 Phase I Parking Structure together with authority to purchase up to \$230,000 of additional upgrades for the public parking facility to provide for enhanced security, and to amend the recorded Parking Agreement, Easement and Declaration of Covenants consistent with the Parking Operations Plan.

CEQA: Resolution No. 72767 Final EIR entitled, San Jose Downtown Strategy 2000; and Resolution No. 71039.1 Final EIR entitled, Mixed-Use Project and Century Center Plan Amendment, File No. PP08-120. [SAN ANTONIO PLAZA]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending adoption of a resolution authorizing the Executive Director to negotiate and execute an amendment to the recorded Declaration of Covenants and Restrictions Affecting Real Property and Reciprocal Easement Agreement with Block 3 Development Partners and a Master Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements for The 88 and certain associated documents implementing a governance structure for the Master Association and describing the responsibilities of the parties; and a Parking Operations Plan with Block 3 Development Partners for Block 3 Phase I Parking Structure together with authority to purchase up to \$230,000 of additional upgrades for the public parking facility, and to amend the recorded Parking Agreement, Easement and Declaration of Covenants consistent with the Parking Operations Plan.

Action: Agency Resolution No. 5846 adopted. (10-0-1) Absent: Constant.

8 JOINT REDEVELOPMENT AGENCY/COUNCIL

Items 9.1 – 9.5 on the City Council's Agenda relating to "Appropriations Resolution Amendments," "Monte Vista Apartments," "San Jose Day Nursery," "City/Agency Cooperation Agreements," and "Public Art Master Plan" were heard during the Council meeting that began at 10:00 a.m. today.

The City Council convened at 11:43 p.m. to consider Items 8.1 – 8.4 in a Joint Session.

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8 JOINT REDEVELOPMENT AGENCY/COUNCIL

(Cont'd)

8.1 Approval of a Reimbursement Agreement with SVTC Technologies, Inc.

Recommendations:

- (a) Adoption of a resolution by the Redevelopment Agency Board approving an adjustment to FY 2007-08 Adopted Capital Budget by adding \$100,000 to the Edenvale Emerging Technology Fund project line in the Edenvale Redevelopment Project Area, and amending the FY 2007-2008 Agency appropriations resolution.
 - (b) Approval by the Redevelopment Agency Board of a Reimbursement Agreement with SVTC Technologies, Inc., to provide financial assistance in an amount not to exceed \$100,000, for acquisition and installation of capital equipment to be installed in SVTC Technologies, Inc., industrial and manufacturing headquarters facility in the Edenvale Redevelopment Project Area.
 - (c) Adoption of a resolution by the Redevelopment Agency Board making certain findings as required by Redevelopment Law.
 - (d) Adoption of a resolution by the City Council directing the City Manager to pursue Employment Training Panel Funds, in an amount up to \$100,000, to support the workforce development efforts of SVTC Technologies, Inc.
- CEQA: Resolution No. 67245, File No. HA82-269-01. [EDENVALE]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending (a) adoption of a resolution by the Redevelopment Agency Board approving an adjustment to the FY 2007-08 Adopted Capital Budget and amending the FY 2007-2008 Agency appropriations resolution, (b) approval by the Redevelopment Agency Board of a Reimbursement Agreement with SVTC Technologies, Inc., (c) adoption of a resolution by the Redevelopment Agency Board making certain findings as required by Redevelopment Law, and (d) adoption of a resolution by the City Council directing the City Manager to pursue Employment Training Panel Funds to support the workforce development efforts of SVTC Technologies, Inc.

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8 JOINT REDEVELOPMENT AGENCY/COUNCIL

(Cont'd)

8.1 Public Comments: Dave Bergeron spoke in support of Item 8.1.

Action: Agency Resolution No.s 5847 and 5848 adopted. Council Resolution No. 74517 adopted. The Redevelopment Agency Board approved a Reimbursement Agreement with SVTC Technologies, Inc. (10-0-1) Absent: Constant.

8.2 Approval of an ENA with Urban Markets, LLC for a planned urban market development in the San Pedro Square district.

Recommendation: Approval by the City Council and Redevelopment Agency Board of an Exclusive Negotiations Agreement (ENA) with Urban Markets, LLC to negotiate for a 180-day period for a planned urban market development in the San Pedro Square district of the Downtown core, generally bounded by West Santa Clara Street on the south, North Market Street on the east, West Saint John Street on the north and Almaden Avenue on the west. CEQA: Resolution No 72767, File No. PP08-114. **[JULIAN-STOCKTON/SNI]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes and City Manager Debra Figone, dated June 10, 2008, recommending approval by the City Council and Redevelopment Agency Board of an Exclusive Negotiations Agreement with Urban Markets, LLC to negotiate for a planned urban market development in the San Pedro Square district of the Downtown core.

Public Comments: Steve Borkenhagen, Alita Bray, Tamara Alvarado, Richard Zappelli, Frank Cucuzza and Martin Menne spoke in support of Item 8.1. Bob Brownstein, Ed Rast, Maral Rahimi and Ross Signorino spoke in opposition to Item 8.1.

The City Council recessed for lunch at 12:33 a.m. and reconvened at 1:52 p.m. in a Joint Session.

Action: The City Council and Redevelopment Agency Board approved an Exclusive Negotiations Agreement with Urban Markets, LLC, including: 1) direction to Staff to schedule a Study Session to review the progress of the ENA prior to consideration of the DDA and 2) requiring a preliminary fiscal analysis be provided to the Agency Board/City Council as part of the Study Session. (9-1-1) NO: Campos. Absent: Constant.

8 JOINT REDEVELOPMENT AGENCY/COUNCIL

8.3 City Council and Agency Board actions related to award of a contract for construction of the SoFA Sidewalk Demonstration Project.

Recommendation:

- (a) Adoption of a resolution by the City Council making certain determinations required by Redevelopment Law, Health and Safety Code Section 33445, for Agency funding of the proposed improvements to the SoFA Sidewalk Demonstration Project; and,
- (b) Adoption of a resolution by the Redevelopment Agency Board delegating authority to the Executive Director to award a contract to the lowest responsive bidder and to authorize a construction contingency in an amount not to exceed 10% of the contract amount for construction of the SoFA Sidewalk Demonstration Project, for a total construction cost not to exceed \$600,000 including the contingency, to resolve bid protests and responsibility issues or reject all bids if an award cannot be made.

CEQA: Resolution No 72767, File No. PP08-119. [MARKET GATEWAY]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 12, 2008, recommending adoption of a resolution by the City Council making certain determinations required by Redevelopment Law, Health and Safety Code Section 33445, for Agency funding of the proposed improvements to the SoFA Sidewalk Demonstration Project; and, adoption of a resolution by the Redevelopment Agency Board delegating authority to the Executive Director to award a contract to the lowest responsive bidder and to authorize a construction contingency in an amount not to exceed 10% of the contract amount for construction of the SoFA Sidewalk Demonstration Project.

Action: Deferred to 8/26/08. (10-0-1) Absent: Constant.

8.4 Approval of a contract for the Civic Auditorium Boiler System Replacement Project.

Recommendations:

- (a) Adoption of a resolution by the City Council making certain determinations required by Redevelopment Law, Health and Safety Code Section 33445, for Agency funding of the proposed improvements to the Civic Auditorium; and,

(Item continued on the next page)

8 JOINT REDEVELOPMENT AGENCY/COUNCIL

(Cont'd)

- 8.4 (b) Adoption of a resolution by the Redevelopment Agency Board approving a contract with San Jose Boiler Works in the amount of \$1,290,000, for the Civic Auditorium Boiler System Replacement Project and authorizing a project contingency in the amount of \$129,000 for a total contract amount of \$1,419,000.

CEQA: Final EIR "San Jose Downtown Strategy 2000", Resolution No 72767 and Addenda Thereto, File No. PP08-098. **[PARK CENTER PLAZA]**

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated June 10, 2008, recommending 1) adoption of a resolution by the City Council making certain determinations required by Redevelopment Law, Health and Safety Code Section 33445, for Agency funding of the proposed improvements to the Civic Auditorium; and 2) adoption of a resolution by the Redevelopment Agency Board approving a contract with San Jose Boiler Works for the Civic Auditorium Boiler System Replacement Project and authorizing a project contingency.

Action: City Council No. 74518 adopted. Agency Resolution No. 5849 adopted. (10-0-1) Absent: Constant.

- **Adjournment**
The Redevelopment Agency Board adjourned at 2:27 p.m.

ATTEST:



HARRY S. MAVROGENES, SECRETARY