



REDEVELOPMENT AGENCY BOARD

SYNOPSIS

December 17, 2002

LINDA J. LEZOTTE
FORREST WILLIAMS
CINDY CHAVEZ
CHUCK REED
NORA CAMPOS

DISTRICT 1
DISTRICT 2
DISTRICT 3
DISTRICT 4
DISTRICT 5

RON GONZALES CHAIR

KEN YEAGER
GEORGE SHIRAKAWA, JR.
DAVID CORTESE
JOHN DIQUISTO
PAT DANDO

DISTRICT 6
DISTRICT 7
DISTRICT 8
DISTRICT 9
DISTRICT10

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 Board members and Chairperson.

This Agenda contains both a Consent Calendar section for routine business items requiring Board approval, and general business items arranged to correspond to the Agency's Core Service Areas. The Core 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 Core 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 speak to the Board about items on the agenda by submitting a Speaker's Card to the Agency's Clerk seated at the front table. If you wish to address the Board about an issue that is not on the Board agenda, you may speak during the "Open Forum" during the City Council's meeting. The Board is unable to discuss or take action on issues presented during Open Forum. According to State Law (the Brown Act), items must first be noticed on the agenda before any discussion or action. Tips for speaking to the Board:

- **Please submit a Blue Speaker's Card before the meeting or before the item is heard.** This ensures that your name is called for item(s) you wish to address, and that 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 Board from the large podium located to the left of the Clerk's table.
- 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.
- There are three lights to assist you with tracking your speaking time. They are located to the far right of the podium. The green light turns on when you begin speaking; the yellow light turns on when you have 30 seconds left; and, the red light comes on when your speaking time is up.

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's Board meets on Tuesdays, following the City Council meeting at 1:30 p.m. Agendas of future meetings are posted immediately outside City Hall's main entrance and at: www.sjredevelopment.org.

CALL TO ORDER AND ROLL CALL

Mayor Ron Gonzales called the meeting to order at 10:20 p.m.

**PRESENT: GONZALES, CAMPOS, CHAVEZ, CORTESE, DANDO,
DIQUISTO, LEZOTTE, REED, SHIRAKAWA, JR., YEAGER,
WILLIAMS.**

ORDERS OF THE DAY

See Item 10 on the City Council Agenda for a description of any City Council Agenda items relating to the Conflict of Interest program.

Item 2.6 removed from the Consent Calendar for discussion by Board Member Chavez. Item 2.9 removed from the Consent Calendar for discussion by Board Member Campos. Item 5.8 deferred to January 14, 2003.

Items 7.1 and 7.2 to be considered in a joint Redevelopment Agency Board/City Council session. Orders of the Day approved.

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 August 13, 2002
- (b) Regular Meeting of August 20, 2002
- (c) Regular Meeting of September 3, 2002
- (d) Regular Meeting of September 10, 2002
- (e) Regular Meeting of September 14, 2002
- (f) Regular Meeting of October 1, 2002

Approved.

2 CONSENT CALENDAR (Continued)

2.2 Report of the Rules Committee - November 13, 2002

Vice Mayor Shirakawa, Jr., Chair

- (a) Review November 26, 2002 Draft Agenda
- (b) Add items to the November 19, 2002 Agenda

Approved.

2.3 Report of the Rules Committee - November 20, 2002

Vice Mayor Shirakawa, Jr., Chair

- (a) Review December 3, 2002 Draft Agenda
- (b) Add items to the November 26, 2002 Agenda

Approved.

2.4 Report of the Rules Committee - December 4, 2002

Vice Mayor Shirakawa, Jr., Chair

- (a) Review December 17, 2002 Draft Agenda
- (b) Add items to the December 10, 2002 Agenda

Approved.

2.5 Approval of the First Amendment to the Agreement with BOORA Architects for architectural services at the Pala Youth Center Project.

Recommendation: Approval of the First Amendment to the Agreement with BOORA Architects for architectural services, at the Pala Youth Center Project, in the amount of \$130,000, for a total contract amount not to exceed \$775,000, at no increase to the project budget, and extending the term of the Agreement by one month through October 30, 2003.

Approved.

2.6 Approval of an amendment to the Agreement with Page and Turnbull, Inc. to provide historic preservation consulting services.

Recommendation: Approval of the Second Amendment and Continuation Agreement with Page and Turnbull, Inc., in the amount of \$25,000, for a total contract amount not to exceed \$174,500, for consulting services on adaptive reuse and historic preservation, prepare background and feasibility studies on historic structures, consult on the Agency's rehabilitation programs, and complete design guidelines for the Downtown Commercial Historic District.

Approved with addition to motion that the Redevelopment Agency and Page and Turnbull, Inc., hold specific meetings with PAC SJ and two downtown

property owner groups requesting said meetings, prior to the guidelines coming before the Planning Commission.

2 CONSENT CALENDAR (Continued)

2.7 Approval of the Third Amendment to the Agreement with Meyers, Nave, Riback, Silver & Wilson for eminent domain legal services.

Recommendation: Approval of the Third Amendment to the Agreement with Meyers, Nave, Riback, Silver & Wilson, in the amount of \$200,000, for a total contract amount not to exceed \$600,000, for eminent domain legal services.

Approved.

2.8 Approval of an amendment to the Agreement with Consolidated Engineering Laboratories for construction testing and inspection services for the Joint Library Project.

Recommendation: Approval of the First Amendment to the Agreement between the Redevelopment Agency and the Trustees of the California State University, on behalf of San Jose State University, and Consolidated Engineering Laboratories, Inc., in the amount of \$80,400, for a total contract amount not to exceed \$973,343, to provide ongoing construction testing and inspection services for the Joint Library Project.

Approved.

2.9 Approval of an agreement with Borelli Investment Company for property management services at the southeast and southwest corners of the King and Story Revitalization Project, in the amount of \$195,290.

Recommendation: Approval of an agreement with Borelli Investment Company for property management services at the southeast and southwest corners of the King and Story Revitalization Project.

Approved. Opposed: Dando, Williams. Absent: Mayor Gonzales.

3 NEIGHBORHOOD IMPROVEMENT STRATEGIES

3.1 Approval of an amendment to the Agreement with BMS Design Group for urban design and planning services.

Recommendation: Adoption of a resolution authorizing the Executive Director to negotiate and execute an amendment to the Agreement with BMS Design Group, in an amount of \$20,000, for a total contract amount not to exceed

\$330,000, for urban design and planning services to create the Diridon/Arena Strategic Development Plan.

Agency Resolution No. 5373 adopted. Absent: Mayor Gonzales.

4 HOUSING

NONE.

5 PUBLIC FACILITIES AND SPACES

5.1 Approval of a Lease Termination and Release Agreement with West Hotel Partners, LP (San Jose Hilton Hotel), for the parking lot located at the southeast corner of Almaden Boulevard and Balbach Street.

Recommendation: Approval of a Lease Termination and Release Agreement between West Hotel Partners, LP and the Redevelopment Agency for the property located at the southeast corner of Almaden Boulevard and Balbach Street.

Approved. Absent: Mayor Gonzales.

5.2 Approval of various budget actions and adjustments in the Market Gateway Redevelopment Area Budget, the South Seventh Street Improvements project line of the Monterey Corridor Neighborhood Business District, and the Fourth Street Garage project line.

Recommendation: Adoption of resolutions:

- (a) Approving the addition of \$300,000 to the Adopted FY 2002-2003 Capital Budget, South Seventh Street Improvements project line, in the Monterey Corridor Neighborhood Business District; and
- (b) Approving the addition of a new project line, Market Gateway Development, for \$1,500,000 to the Adopted FY 2002-2003 Capital Budget, in the Market Gateway Redevelopment Area; and
- (c) Approving the addition of \$1,800,000 to the Adopted FY 2002-2003 Capital Budget, Fourth Street Parking Garage project line in the Merged Area; and
- (d) Approving the revenue reduction of \$4,467,298 on interest earnings for Adopted FY 2002-2003 Budget; and
- (e) Amending the FY 2002-2003 Redevelopment Agency appropriations resolution; and

- (f) Amending the FY 2002-2003 Redevelopment Agency revenue resolution.

5 PUBLIC FACILITIES AND SPACES

Item 5.2 – Continued

Motion by Board Member Chavez that no action on the demolition of the Dimensions building be taken until such time as the Agency provides a report to the Board with recommendations on a replacement plan for the building. Approved. Agency Resolution No. 5374 adopted. Absent: Diquisto.

- 5.3 Approval of the Fifth Amendment to the Agreement with Cutler & Associates, Inc., for continued real estate acquisition and site delivery services for various redevelopment projects, at no increase to the Budget.**

Recommendation: Approval of the Fifth Amendment to the master agreement with Cutler & Associates, Inc., in the amount of \$1,450,000, for a total contract amount not to exceed \$5,950,000, for continued real estate acquisition and site delivery services for various redevelopment projects, at no increase to the Budget. **Approved. Absent: Diquisto.**

- 5.4 Authorization for the Executive Director to negotiate and execute an amendment to the Agency's lease with Forest City Commercial Management to add Suite 320 to the existing leased space at 50 West San Fernando Street, and to extend the lease termination date by 27 months to December 31, 2005.**

Recommendation: Adoption of a resolution authorizing the Executive Director to negotiate and execute the Sixth Amendment to the Agency's lease with Forest City Commercial Management to add Suite 320, consisting of approximately 5,938 square feet, to the existing office space, currently on the 9th and 11th floors, at 50 West San Fernando Street, and extend the existing lease termination date from September 7, 2003 to December 31, 2005. **Agency Resolution No. 5375 adopted. Absent: Diquisto.**

- 5.5 Approval of leasing actions for office space located at 60 South Market Street.**

Recommendation:

- (a) Approval of the Third Amendment to the Lease Agreement with SMS-VEF IV, LLC, extending the lease term for a period of 35 months, commencing February 1, 2003 to December 31, 2005, for 12,217 square feet of office space at 60 South Market Street, for a base rent of \$31,764 per month

(\$2.60 per square foot) with annual increases of 3%, plus tenant's pro-rata share of common area maintenance and operating expenses over the 2003 base year; and

5 PUBLIC FACILITIES AND SPACES (Continued)

Item 5.5 – Continued

- (b) Public Hearing and approval of the First Amendment to the sublease with US Display Consortium, extending the lease term for a period of 35 months, commencing February 1, 2003 to December 31, 2005, for 1,500 square feet of office space at 60 South Market Street for a base rent of \$3,900 per month (\$2.60 per square foot) with annual increases of 3%, plus sub-tenant's pro-rata share of common area maintenance and operating expenses over the 2003 base year; and
- (c) Adoption of a resolution approving an adjustment to the Capital Budget Other/Miscellaneous Revenue in the Adopted 2002-2003 Capital Budget, in the amount of \$67,590; and
- (d) Adoption of a resolution approving an adjustment to the FY 2002-2003 Agency appropriations resolution.

Approved. Agency Resolution No. 5376 adopted. Absent: Diquisto.

5.6 Rejection of all bids for the Bike Barn Demolition and Parking Lot Construction project located at 340 North San Pedro Street.

Recommendation: Adoption of a resolution rejecting all bids for the Bike Barn Demolition and Parking Lot Construction project located at 340 North San Pedro Street, and direction to the Redevelopment Agency to rebid the project.

Agency Resolution No. 5377 adopted. Absent: Diquisto.

5.7 Approval of an agreement for preparation of a study, and proposed amendment to the 1994 Master Plan for Roosevelt Park.

Recommendation: Approval of an agreement with Catalyst, in the amount of \$380,040 for preparation of a study and proposed amendment to the 1994 Master Plan for Roosevelt Park, to explore a possible new community center, a possible skate park, and other community facilities, as determined through the community input process.

Approved with addition to the motion by Board Member Chavez that the Parks and Recreation and Neighborhood Services Department and Department of Public Works include this consultant in their evaluation

process as there have been concerns with the consultant's responsiveness to the community.

5 PUBLIC FACILITIES AND SPACES (Continued)

5.8 Approval of funding actions related to creation of up to 311 "Parking Plus" parking spaces in downtown, as part of the mix-use project.

Recommendation:

- (a) Adoption of a resolution finding and approving that the addition of 311 parking spaces in the mixed-use project is consistent with the Parking Management Plan for the downtown, approved by the Agency Board and City Council on November 6, 2001; and
- (b) Adoption of a resolution approving the addition of a new project line, Parking Plus, for \$9,330,000 to the Adopted FY 2002-2003 Capital Budget in the Merged Redevelopment Area; and
- (c) Adoption of a resolution approving the addition of \$9,330,000 in revenue funds from bond proceeds to the FY 2002-2003 Adopted Budget.

CEQA: Resolution No. 71039.1

Item 5.8 was deferred to January 14, 2003. Absent: Diquisto.

6 PRIVATE DEVELOPMENT

6.1 Progress Report on the Implementation Plan for the San Jose Redevelopment Project Areas.

Recommendation: Public Hearing to evaluate the progress of redevelopment under the Implementation Plan and related Redevelopment Plans for the Almaden Gateway, Alum Rock Avenue, Century Center, Civic Plaza, East Santa Clara Street, Edenvale, Guadalupe-Auzerais, Japantown, Julian-Stockton, Market Gateway, Mayfair One, Monterey Corridor, Olinder, Park Center, Pueblo Uno, Rincon de los Esteros, San Antonio Plaza, Story Road, The Alameda, and West San Carlos Street Project Area. And approval of the Progress Report submitted by Agency staff, as submitted, or as changed by the Board, as the evaluation of the progress of such redevelopment.

Approved.

6 PRIVATE DEVELOPMENT (Continued)

6.2 Authorization for a Retail, Entertainment and Arts (REAL) Agreement for tenant improvements of the facilities located at 418 South Market Street.

Recommendation: Adoption of a resolution authorizing the Executive Director to negotiate and execute a Retail, Entertainment and Arts (REAL) loan agreement, in an amount not to exceed \$450,000, inclusive of a \$50,000 contingency, with property owners, Jacek and Ann Chin Rosicki, for tenant improvements to the facilities located at 418 South Market Street.

Agency Resolution No. 5378 adopted.

6.3 Approval of actions related to a Bioscience Initiative for San Jose.

Recommendation: Adoption of resolutions:

- (a) Approving the Bioscience Initiative; and
- (b) Approving the addition of \$4,500,000, and the proposed shift of \$1,000,000 from FY 2003-2004 to the Adopted FY 2002-2003 Capital Budget for the Biotech Initiative project line item in the Edenvale Redevelopment Area, as detailed on Attachment A; and
- (c) Amending the FY 2002-2003 Redevelopment Agency appropriations resolution; and
- (d) Amending the FY 2003-2007 Capital Improvement Program; and
- (e) Directing Agency staff to negotiate an agreement with Mission West Properties, consistent with the business terms for Agency assistance associated with constructing facilities and capital equipment for a Bioscience Incubator and Innovation Center in the Edenvale Redevelopment Project Area.

CEQA: Resolution No. 70021, PP 02-12-368

6 PRIVATE DEVELOPMENT (Continued)

Item 6.3 – Continued

Board Member Chavez made an addition to the motion to include the following recommendations in the Biotech Incubator Program: 1) Evaluate the role of San Jose State University as the administrator, prior to final action, related to the Biotech Incubator strategy; 2) Include in the strategy a mechanism for including institutions of higher learning in the Biotech, Biomed Incubator program, both as board members and research institutions; 3) Explore the role that research institutions and institutions in Northern California can play in the Incubator program; 4) Proceed with an understanding of the connection between actions taken with the Incubators and the use of industrial land, and actions taken with Incubators and the ability to attract venture capital; and 5) Establish benchmarks for achievement of the Incubator program, in order to present an annual report that sets forth the investment, the outcome, and amount of industrial space being used. Agency Resolution Nos. 5379 and 5380 adopted.

6.4 Approval of an amendment to the lease with Hawgs Seafood Restaurant to revise the structure of required rental payments.

Recommendation: Approval of the Third Amendment to the lease with Matthew Hardin and Steve Hardin, d.b.a. Hawgs Seafood Restaurant, to extend the period in which no minimum base rent is collected and monthly rent is a percentage rent only.

Approved.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL

7.1 Approval of the Annual Report of Financial Transaction of Community Redevelopment Agencies, FY 2001-2002.

Recommendation: Adoption of resolutions by the City Council and Agency Board approving the Annual Report of Financial Transactions of Community Redevelopment Agencies, Fiscal Year 2001-2002, and directing Agency staff to forward the Report to the State of California Controller.

Agency Resolution No. 5381 adopted. City Council Resolution No. 71376 adopted.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL

7.2 Approval of the sale by the Redevelopment Agency of 941 The Alameda, and approval of a DDA for the construction of 40 condominium units in the Alameda Redevelopment Project Area, and acceptance of the 33433 Summary Report.

Recommendation: Adoption of resolutions:

- (a) By the City Council and Agency Board approving the disposition of the real property located at 941 The Alameda to Green Valley Corporation, and accepting the 33433 Summary Report and Re-Use Appraisal; and finding that the disposition of the property will assist in the elimination of blight is consistent with the Implementation Plan for The Alameda Redevelopment Project Area, and that the consideration for the property is not less than the fair re-use value for the proposed use, with the covenants and conditions and development costs authorized by the Disposition and Development Agreement (DDA); and
- (b) By the Agency Board approving the DDA, and authorizing the Executive Director to execute ancillary documents contemplated by the DDA, and to close escrow and convey the Property, subject to compliance with the terms of the DDA, and to negotiate and execute amendments to the DDA substantially in conformance with the intent of the DDA as reasonably necessary to conform to lender requirements; and
- (c) By the Agency Board approving additional revenue of \$210,000 to the Adopted FY 2002-2003 Revenue Budget, and amending the FY 2002- 2003 Agency appropriations resolution.

CEQA: Negative Declaration PDC 01-060

Agency Resolution Nos. 5382 and 5383 adopted. City Council Resolution No. 71377 adopted.

CLOSED SESSION REPORT

NONE.

OPEN FORUM

NONE.

ADJOURNMENT

The meeting adjourned at 10:50 p.m.