

REDEVELOPMENT AGENCY BOARD

SYNOPSIS

August 27, 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 Councilmembers and the Mayor, who serve as our Boardmembers 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 2:35 p.m.

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

ABSENT: YEAGER (EXCUSED)

ORDERS OF THE DAY

See Item 10.1 on the City Council Agenda for description of the City Council agenda items relating to the Redevelopment Agency. Items 7.1 - 7.6 are to be considered in a joint Redevelopment Agency Board/City Council session.

Approved. Absent: Yeager.

1 CEREMONIAL ITEMS

None.

2 CONSENT CALENDAR

2.1 Report of the Rules Committee – August 7, 2002

Vice Mayor Shirakawa, Jr., Chair

- (a) Review August 20, 2002 Draft Agenda.
- (b) Add New Items to the August 13, 2002 Agenda

Approved. Absent: Yeager.

2.2 Approval of a Facade Improvement Program Agreement with Hoa Thi Nguyen, owner of 304, 314, 322/324, and 328/332 E. Santa Clara Street.

Recommendation: Approval a Facade Improvement Program Grant Agreement with Hoa Thi Nguyen, owner of 304, 314, 322/324, and 328/332 E. Santa Clara Street, in the amount of \$231,000, including the contingency of \$21,000, for the renovation of the facades of those buildings. CEQA: Exempt, PP2002-043590-CO Sign Permit

Approved. Absent: Yeager.

2 CONSENT CALENDAR (Continued)

2.3 Approval of an amendment to the agreement with Rutherford and Chekene for geotechnical engineering services for the Fox California Theatre Project.

Recommendation: Approval of the second amendment to the agreement with Rutherford and Chekene, in the amount of \$60,000, for a total contract amount not to exceed \$270,000, for geotechnical engineering services for the Fox California Theatre Project, and extending the term of the agreement to April 30, 2004.

CEQA: Resolution No. 68839

Approved. Absent: Yeager.

2.4 Approval of the second amendment to the master agreement with Earth Tech, Inc., for environmental services on an as-needed basis and revising the scope of services.

Recommendation: Approval of the second amendment to the master agreement with Earth Tech, Inc., in the amount of \$100,000, for a total contract amount not to exceed \$400,000, for environmental consulting services in various Redevelopment Project Areas on an as-needed basis and revising the scope of services, and incorporating prevailing wage requirements.

Approved. Absent: Yeager.

2.5 Approval of an agreement providing Agency assistance to the Downtown College Preparatory school located at 355 W. San Fernando Street.

Recommendations:

- (a) Approval of an agreement with the “Across the Bridge Foundation/ Downtown College Preparatory,” in an amount not to exceed \$250,000, for assistance in constructing public improvements, and making certain findings; and,
- (b) Adoption of a resolution approving the addition of a Downtown College Preparatory Project line to the Adopted FY 2002-2003 Capital Budget in the amount of \$250,000, in the Merged Redevelopment Project Area.

Item 2.5 deferred to September 3, 2002.

2 CONSENT CALENDAR (Continued)

2.6 Approval of an amendment and a new agreement for preparation of Neighborhood Plans in the Mayfair I and II, and the Plata Arroyo/Mayfair West SNI areas.

Recommendation:

- (a) Approval of the first amendment to the agreement with Design, Community and Environment, decreasing the compensation by \$92,000, for a revised contract amount not to exceed \$108,000, for planning services in the Mayfair I and II Strong Neighborhoods Initiative (SNI) neighborhood areas, amending the scope of services and schedule of performance for the period through March 30, 2003.
- (b) Approval of an agreement with Moore Iacofano Goltsman, in the amount of \$150,000, for planning services in the Plata Arroyo/Mayfair West SNI area, for the period through June 1, 2003.

Public testimony received. Approved. Absent: Yeager

3 NEIGHBORHOOD IMPROVEMENT STRATEGIES

None.

4 HOUSING

None.

5 PUBLIC FACILITIES AND SPACES

5.1 Approval of a contract for metal file cabinets for the San Jose State University/City of San Jose Joint Library Project.

Recommendation: Adoption of a resolution awarding a contract to BMI Imaging, in the amount of \$499,500, of which San Jose State University will be obligated to reimburse up to 59%; for the supply and installation of metal file cabinets for the Joint Library Project, establishing a contract contingency in the amount of \$24,975, and authorizing the Executive Director to execute contract amendments up to the amount of the contingency.

Public testimony received. Resolution No. 5333 adopted. Absent: Campos, Yeager.

5 PUBLIC FACILITIES AND SPACES (Continued)

5.2 Approval of agreements for professional architectural services for the Schematic Design Phase of parking garages located at Notre Dame Avenue and at Almaden Avenue.

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

- (a) An agreement with International Parking Design, Inc., in an amount not to exceed \$339,550, for professional architectural services for the Schematic Design Phase of the parking garage to be located on Notre Dame Avenue.
Resolution No. 5334 adopted. Absent: Yeager.
- (b) An agreement with Watry Design, Inc., in an amount not to exceed \$294,000, for professional architectural services for the Schematic Design Phase of the Greyhound parking garage to be located on Almaden Avenue.
CEQA: Resolution No. 68839
Resolution No. 5335 adopted. Absent: Yeager.

5.3 Award of contracts for the Washington Neighborhood Improvements Utility Undergrounding Project.

Recommendations: Approval by the Agency Board of agreements with:

- (a) PG&E, in the amount of \$1,171,672, to underground the electric utilities on Oak Street and Edwards Street, between Almaden Avenue and Monterey Road; and,
- (b) Pacific Bell, in the amount of \$192,100, to underground the overhead telephone lines on Oak and Edwards Streets, between Almaden Avenue and Monterey Road.
CEQA: Exempt, PP02-08-225
Approved. Absent: Yeager.

6 PRIVATE DEVELOPMENT

6.1 Approval to issue a Request for Proposals to provide ground-floor retail uses at 27 South First Street and a lease amendment actions related to the House of Blues.

Recommendations:

- (a) Adoption of a resolution authorizing the Executive Director to negotiate and execute the second amendment to the lease agreement with House of Blues San Jose Restaurant Corporation (HOB) to allow the Agency to market the building located at 27 South First Street (commonly known as the “Woolworth Building”) to other users for a one-year period or to initiate lease termination action.
Public testimony received. Board Member Chavez made the motion to approve this item to include the condition recommended in the supplemental memorandum by Executive Director, Susan F. Shick, dated August 27, 2002. Resolution No. 5336 adopted. Absent: Diquisto, Yeager.
- (b) Approval of the issuance of a Request For Proposals to solicit interest for the reuse or redevelopment of 27 South First Street to provide ground-floor retail uses.
Public testimony received. Approved. Absent: Diquisto, Yeager.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL

7.1 Approval of amendments to the Joint City/Agency Policy on Inclusionary Housing Requirements and setting revised amounts for the in-lieu fees provided by the policy.

Recommendations:

- (a) Adoption of resolutions by the City Council and Agency Board amending the City of San Jose Policy on Implementation of the Redevelopment Inclusionary Housing Requirement to:

- (1) Provide that it shall not be inconsistent with the inclusionary policy for the City or Agency to provide financial assistance towards the development of the required inclusionary units provided that at least 50% of the total units in the project will be Restricted Affordable Units, such assistance is provided pursuant to a Second Mortgage Program established by the City or Agency to expand the income levels of potential homebuyers of Restricted Affordable Units, or such assistance is provided by the Redevelopment Agency from 80% funds to a project that is approved by the Agency Board.
- (2) Provide that the amount of in-lieu fees will be established in the City Council's annual resolution establishing the Schedule of Fees and Charges.

Public testimony received. Resolution No. 5337 adopted. City Council Resolution No. 71181 adopted. Absent: Yeager.

- (b) Adoption of a resolution by the City Council amending the Schedule of Fees and Charges for Fiscal Year 2002-2003 to establish the following In-Lieu Fees for Alternative Restricted Units under the Policy:
 - (1) For a rental Alternative Restricted Unit to be developed within Redevelopment Project Areas: \$63,000.
 - (2) For an ownership Alternative Restricted Unit to be developed within Redevelopment Project Areas: \$50,000.
 - (3) For either rental or ownership Alternative Restricted Unit to be developed outside of Redevelopment Project Areas the fees in (b) (1) & (2) will be doubled.

City Council Resolution 71182 adopted. Absent: Yeager.

Board Member Yeager entered the meeting at 3:11 p.m.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL (Continued)

Item 7.2

7.2 Approval of a Second Mortgage Program for income-qualified homebuyers.

Recommendations: Adoption of resolutions by the City Council and Agency Board to establish and implement a Second Mortgage Program that will provide financial assistance to individuals and families whose income is 120 percent of the median or less for the purchase of a newly constructed housing unit located in a Redevelopment Project Area.

Public testimony received. Resolution No. 5338 adopted. City Council Resolution No. 71183 adopted.

Items 7.3 and 7.4 were taken together.

7.3 Approval of an Exterior Grant program in the SNI Redevelopment Project Area.

Recommendation: Approval by the City Council and Agency Board of an Exterior Grant program for residential properties in the Strong Neighborhoods Initiative (SNI) Redevelopment Project Area and in Planning Areas that have included housing rehabilitation as one of their top-ten priorities. CEQA: Exempt, PP08-02-223

Board Member Chavez made a motion to include that residents be given the option of window replacement and that the source of funds be determined by staff. Approved.

7.4 Approval of an Exterior Grant program in the Hensley Historic District.

Recommendation: It is recommended that:

- (a) The Agency Board adopt a resolution stating that the use of Agency funds for Exterior Rehabilitation Grants for the part of the Hensley Historic District that is adjacent to the 13th Street Redevelopment Project Area will primarily benefit the Project Area; and
- (b) The City Council and Agency Board adopt resolutions approving an Exterior Grant program for residential properties in the Hensley Historic District.

Resolution No. 5339 adopted. City Council Resolution 71184 adopted.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL (Continued)

Item 7.4(c)

- (c) The City Council adopt appropriation ordinance and funding sources resolution amendments in the HOME Investment Partnership Fund in the amount of \$1,960,000 for an Exterior Grant program for the Hensley Historic District.

City Council Resolution No. 71185 adopted.

CEQA: Exempt, PP08-02-222

7.5 Approval of a Cooperation Agreement between the City of San Jose and the Redevelopment Agency.

Recommendation: Adoption of resolutions by the City Council and Agency Board approving a Cooperation Agreement between the City of San Jose and the Redevelopment Agency, which provides for the establishment and administration of various housing programs financed by the Agency.

Resolution No. 5340 adopted. City Council Resolution No. 71186 adopted.

7.6 Consideration of repeal of resolutions and/or approval of superseding resolutions relating to the development of commercial properties in the Story Road Redevelopment Project Area in the vicinity of Story and King Roads.

Recommendation: Public Hearing and;

- (a) Adoption of a superseding resolution by the City Council approving the sale of the project site (generally located on the commercial properties on the southwest and southeast corners of Story and King Roads) to BHV San Jose, LLC, accepting the 33433 Summary Report and Re-Use Appraisal, and finding that the sale of the property will assist in the elimination of blight, is consistent with the Implementation Plan for the Story Road Redevelopment Project Area and that the consideration for the property is not less than the fair reuse value for the proposed use, with the covenants and conditions and development costs authorized by the Disposition and Development Agreement (DDA).

Public testimony received. City Council Resolution Nos. 71187 and 71187.1 adopted. Noes: Dando, Reed.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL (Continued)

Item 7.6(b)

- (b) Adoption of a superseding resolution by the Agency Board approving the proposed DDA between BHV San Jose, LLC, and the Redevelopment Agency for the redevelopment of the commercial property at the southeast and southwest corners of Story and King Roads, authorizing the Executive Director to negotiate and execute purchase and sale agreements for site acquisition required under the DDA, technical amendments required by the Developer's lender, and the master lease and sublease agreement for the Mercado, and authorizing the Executive Director to convey property to the developer once the conditions of conveyance have been met.

**Public testimony received. Resolution Nos. 5341 and 5342 adopted.
Noes: Dando, Reed.**

- (c) Adoption of a superseding resolution by the Agency Board approving the Business Relocation Program for the proposed retail redevelopment of the southwest and southeast corners of Story and King Roads.

Public testimony received. The Council/Agency Board directed that existing tenants of the Tropicana Shopping Center will be provided the opportunity to negotiate leases, which will evenly phase in rent increases from current rates to fair market rents over the first five years after construction is completed. Resolution No. 5343 adopted.

Noes: Dando, Reed.

CEQA: Mitigated Negative Declaration

CLOSED SESSION REPORT

None.

OPEN FORUM

None.

ADJOURNMENT

The meeting was recessed at 3:25 p.m. and reconvened at 7:00 p.m. to hear Item 7.6.

The meeting was adjourned at 9:34 p.m.