

REDEVELOPMENT AGENCY BOARD

SYNOPSIS

June 29, 2004

LINDA J. LE ZOTTE
FORREST WILLIAMS
CINDY CHAVEZ
CHUCK REED
NORA CAMPOS

DISTRICT 1
DISTRICT 2
DISTRICT 3
DISTRICT 4
DISTRICT 5

RON GONZALES CHAIR

KEN YEAGER
TERRY GREGORY
DAVID D. CORTESE
JUDY CHIRCO
PAT DANDO - VICE CHAIR

DISTRICT 6
DISTRICT 7
DISTRICT 8
DISTRICT 9
DISTRICT10

CALL TO ORDER AND ROLL CALL

Mayor Ron Gonzales called the meeting to order at 8:50 p.m.

PRESENT: GONZALES, CHAVEZ, CHIRCO, CORTESE, DANDO, GREGORY, LEZOTTE, REED, YEAGER, WILLIAMS.

ABSENT: CAMPOS (EXCUSED).

ORDERS OF THE DAY

Items recommended to be added, dropped, or deferred are usually approved under Orders of the Day unless the Council directs otherwise.

Items 7.1 – 7.7 are to be considered in a joint Redevelopment Agency/City Council session.

See Item 10 on the City Council Agenda for description of any City Council agenda items relating to the Redevelopment Agency.

Item 6.2 was deferred to August 10, 2004. Item 6.6. was dropped.

Approved. Absent: Campos.

1 CEREMONIAL ITEMS

None.

2 CONSENT CALENDAR

2.1 Report of the Rules Committee – June 9, 2004.

Vice Mayor Dando, Chair

- (a) Review June 22, 2004 Draft Agenda.
- (b) Addition of new items to the June 15, 2004 Agenda.
- (c) Staff Reports Outstanding for the June 15, 2004 Agenda.

Approved. Absent: Campos.

2.2 Report of the Rules Committee – June 16, 2004.

Vice Mayor Dando, Chair

- (a) Review June 19, 2004 Draft Agenda.
- (b) Addition of new items to the June 22, 2004 Agenda.
- (c) Staff Reports Outstanding for the June 22, 2004 Agenda.

Approved. Absent: Campos.

2.3 Approval of Board Meeting Minutes:

Recommendation: Approval of Redevelopment Agency Minutes for:

- (a) Regular meeting of June 8, 2004
- (b) Regular meeting of June 15, 2004

Approved. Absent: Campos.

2.4 Approval of amendments to the agreements with Invesmart, Inc., and Invesmart Advisors, Inc., for an additional year of professional services.

Recommendations:

- (a) Approval of the first amendment to the agreement with Invesmart, Inc., extending the term for one year through June 30, 2005; and increasing the compensation by \$25,000 for a total contract amount not to exceed \$50,000, for administrative services; and
- (b) Approval of the first amendment to the agreement with Invesmart Advisors, Inc., extending the term for one year through June 30, 2005; and increasing the compensation by \$25,000 for a total contract amount not to exceed \$75,000, for investment advisory services.

Approved. Absent: Campos.

2.5 Approval to reallocate \$250,000 from the Buena Vista Tot Lot project to the Richmond Menker Apartment Complex project to fund the Richmond Menker Apartments Improvement Project.

Recommendation: Adoption of a resolution approving the reallocation of \$250,000 from the Buena Vista Tot Lot project to the Richmond Menker Apartment Complex project in the Adopted FY 2003-2004 Capital Budget – Burbank/Del Monte budget line in the Strong Neighborhoods Initiative Redevelopment Area to fund the Richmond Menker Apartments Improvement Project, amending the FY 2003-2004 Agency appropriations resolution.

Agency Resolution No. 5524 adopted. Absent: Campos.

3 NEIGHBORHOOD IMPROVEMENT STRATEGIES

None.

4 HOUSING

None.

5 PUBLIC FACILITIES AND SPACES

5.1 Approval of an agreement with the San Jose Downtown Association for promotional and marketing services, and for public space programming.

Recommendation: Approval of an agreement with the San Jose Downtown Association, in an amount not to exceed \$350,000, for promotional and marketing services, and for public space programming, for the period July 1, 2004 through June 30, 2005.

Approved. Absent: Campos.

6 PRIVATE DEVELOPMENT

6.1 Authorization to negotiate and execute an agreement with San Jose Parking for the Fountain Alley Parking lot.

Recommendation: Adoption of a resolution authorizing the Executive Director to negotiate and execute an Exclusive Negotiations and Operating Agreement with San Jose Parking for the operation and potential development of the Fountain Alley Parking lot. CEQA: Resolution No. 71039.1, PP04-06-206.

Agency Resolution No. 5525 adopted. Absent: Campos.

6.2 Approval of an ENA with Mesa SoFA Partners, LLC, for a 120-day term, for the proposed sale of the Dimensions Site located at 351-369 South First Street/360-396 South Market Street.

Recommendation: Approval of an Exclusive Negotiations Agreement (ENA) with Mesa SoFA Partners, LLC, for a 120-day term with an option to extend for an additional 90-day period for the proposed sale of the Dimensions Site located at 351-369 South First Street/360-396 South Market Street, for development as a mixed-use high rise residential and retail complex. CEQA: Exempt, PP04-05-158
Item 6.2 deferred to August 10, 2004.

6.3 Direction to staff to develop an incentive program for high-rise residential construction in the Downtown.

Recommendation: Directions to staff for development of guidelines for an

incentive program for high-rise residential construction in the Downtown Core.
Direction to staff per recommendation. Absent: Campos.

6.4 Authorization to negotiate and execute an agreement with the Barber Trust to restore the facade and to seismically retrofit the buildings located at 27-37 Fountain Alley and 28-40 E. Santa Clara Street.

Recommendation: Adoption of resolutions:

(a) Authorizing the Executive Director to negotiate and execute an Owner Participation Agreement (OPA) with the Barber Trusts, in the amount of \$3,000,000, for seismic retrofitting and facade restoration of the buildings located at 27-37 Fountain Alley and 28-40 E. Santa Clara Street.

Agency Resolution No. 5526 adopted. Absent: Campos.

(b) Approving the reallocation of \$3,000,000 from Fountain Alley Parking Lot project line in the Century Center Redevelopment Area to Downtown Business Improvements Pool project line in the Merged Redevelopment Area, adjusting the FY 2003-04 Capital Budget and amending the FY 2003-2004 Agency appropriations resolution.

CEQA: Resolution No. 71039.1

Agency Resolution No. 5527 adopted. Absent: Campos.

6.5 Authorization to negotiate and execute an agreement with Green Valley Enterprises to restore the facade and to seismically retrofit the Porter Stock Building located at 83-91 South First Street.

Recommendation: Adoption of resolutions:

(a) Authorizing the Executive Director to negotiate and execute an Owner Participation Agreement with Green Valley Enterprises, in an amount not to exceed \$2,000,000, to restore the facade and to seismically retrofit the Porter Stock Building located at 83-91 South First Street.

Agency Resolution No. 5528 adopted. Absent: Campos.

(b) Approving the reallocation of \$300,000 from Fountain Alley Parking Lot project line in the Century Center Redevelopment Area to Downtown Business Improvements Pool project line in the Merged Redevelopment Area, adjusting the FY 2003-04 Capital Budget and amending the FY 2003-2004 Agency appropriations resolution.

CEQA: Resolution No. 71039.1

Agency Resolution No. 5529 adopted. Absent: Campos.

6.6 Approval of an amendment to the DDA relating to the development of the Montgomery Hotel.

Recommendation: Approval of the Third Amendment to the Amended and Restated Disposition and Development Agreement (DDA) with the Montgomery Hotel Group, LLC, to make further accommodations to allow the Developer to obtain historic tax credits, provide for the Agency's conveyance of an easement on the Agency's adjoining Block 8 parcel, and to establish the final cost of the Agency's contribution to construction. CEQA: Resolution No. 68839, RCP03-032
Item 6.6 dropped.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL

7.1 Approval of actions related to the acquisition of the Global Photon Property located at 466 Vendome Street to house the offices of the Friends of the Guadalupe River Park and Gardens, and staff offices for the Department of Parks, Recreation and Neighborhood Services.

Recommendation:

- (a) Approval of a Cooperation Agreement by the City Council and Agency Board that provides for the Agency's acquisition and the subsequent transfer of title from the Agency to the City of the Global Photon Property located at 466 Vendome Street, with acquisition costs not to exceed \$815,000 and renovation costs not to exceed \$100,000 with funding in the amount of \$500,000 from the City and \$415,000 from the Agency.

Approved. Absent: Campos.

- (b) Redevelopment Agency Board actions:

- (1) Adoption of a resolution by Agency Board making certain findings required by Redevelopment Law related to the project primarily benefiting the Julian Stockton Redevelopment Area.
Agency Resolution No. 5530 adopted. Absent: Campos.
- (2) Approval of a purchase agreement with Global West Network, Inc., in an amount not to exceed \$815,000, for the purchase of the property located at 466 Vendome Street.
Approved. Absent: Campos.
- (3) Adoption of a resolution approving the addition of \$500,000 in revenue, funds transferred from the City to fund the acquisition of the Global Photon property for the Guadalupe River Park to the FY 2003 – 04 Adopted Budget, and approving the addition of funds in the amount of \$500,000 to the Adopted FY 2003 – 04 Capital Budget, Guadalupe River Park & Garden – Flood Control project line in the Merged Redevelopment Area, and amending the FY 2003 – 04

Agency appropriations resolution.

Agency Resolution No. 5531 adopted. Absent: Campos.

- (c) Adoption of a resolution by the City Council making certain determinations regarding the expenditure of Redevelopment Agency funds for the acquisition of property that will be publicly owned.

City Council Resolution No. 72256 adopted. Absent: Campos.

- (d) Adoption by the City Council of the following Appropriation Ordinance amendments in the 2004-2005 Council District 3 Construction and Conveyance Tax Fund:

- (1) Decrease the Global Photon Property Acquisition by \$100,000; and
- (2) Establish a transfer to the Redevelopment Agency in the amount of \$100,000.

City Ordinance No. 27213 adopted. Absent: Campos.

- (e) Adoption by the City Council of the following Appropriation Ordinance amendments in the 2004-2005 Council District 6 Construction and Conveyance Tax Fund:

- (1) Decrease the Global Photon Property Acquisition by \$100,000; and,
- (2) Establish a transfer to the Redevelopment Agency in an amount of \$100,000.

City Ordinance No. 27214 adopted. Absent: Campos.

- (f) Adoption by the City Council of the following Appropriation Ordinance amendments in the 2004-2005 City-wide Parks Construction and Conveyance Tax Fund:

- a. Decrease the Global Photon Property Acquisition by \$300,000; and,
- b. Establish a transfer to the Redevelopment Agency in an amount of \$300,000.

City Ordinance No. 27215 adopted. Absent: Campos.

- (g) Adoption of a resolution by the City Council authorizing the City Manager to execute an agreement with the Friends of the Guadalupe River Park and Gardens for the operation and maintenance of this property for a term not to exceed 20 years.

CEQA: Exempt, PP04-06-193

City Council Resolution No. 72257 adopted. Absent: Campos.

7.2 Approval of an amendment to the DDA with North Keystone Limited, for development of residential units and acceptance of an Amended 33433 Summary Report and Re-Use Appraisal.

Recommendation:

- (a) Adoption of resolutions by the City Council and Agency Board accepting the Amended 33433 Summary Report and Re-Use Appraisal, and finding that the disposition of property for the planned 42-unit for-sale residential project assists in the elimination of blight, is consistent with the Project Area objectives, 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); and,
- (b) Adoption of a resolution by the Agency Board approving the first amendment to the DDA, authorizing the Executive Director to execute ancillary documents as contemplated by the DDA, and to close escrow and to convey the Property subject to compliance with the terms of the DDA, and to negotiate and execute additional amendments to the DDA substantially in conformance with the intent of the DDA as reasonably necessary to conform to lender requirements.

CEQA: Resolution No. 68839, PP03-03-094, File No. PDC 02-077

City Resolution No. 72258 adopted. Agency Resolution No. 5532 adopted.

Abstain: Gonzales. Absent: Campos.

7.3 Approval of an amendment to the DDA with Regis Homes of Northern California, for the development of residential units at 320 North First Street and acceptance of the revised 33433 Summary Report and Re-Use Appraisal.

Recommendation: Adoption of resolutions:

- (a) By the City Council and Agency Board accepting the summary of costs and findings of the enclosed Amended Summary 33433 Report, pursuant to the California Health and Safety Code Section 33433, for the planned 38 to 42 unit for-sale residential project, and that the consideration for the site is not less than the fair reuse value; and,
- (b) By the Agency Board approving the First Amendment to the Disposition and Development Agreement and authorizing the Executive Director to execute ancillary documents as contemplated by the First Amendment to the DDA, and to negotiate and execute additional amendments to this amended DDA substantially in conformance with the intent of the First Amendment to the DDA as reasonably necessary to comply with lender restrictions.

CEQA: Resolution No. 68839, PDC02-077

Item 7.3 continued to August 10, 2004.

7.4 City Council and Redevelopment Agency determinations and award of a contract to the low bidder for the McLaughlin Avenue Tree Planting 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 Redevelopment Agency funding of City-owned streetscape improvements in the Tully-Senter Strong Neighborhoods Initiative neighborhood.

City Council Resolution No. 72259 adopted. Absent: Campos.

- (b) Adoption of a resolution by the Agency Board awarding a contract to West Coast Arborists, Inc., the low bidder, in the amount of \$115,100, and establishing a contingency in the amount of \$11,500, for the McLaughlin Avenue Tree Planting Project.

CEQA: Exempt, PP04-06-194

Agency Resolution No. 5533 adopted. Absent: Campos.

7.5 City Council and Redevelopment Agency actions related to funding of a grant agreement for the Mexican Heritage Gardens.

Recommendations:

- (a) Adoption of a resolution by the City Council making certain determinations required by Redevelopment Law regarding the expenditure of Redevelopment Agency funds on City-owned public improvements.

City Council Resolution No. 72260 adopted. Absent: Campos.

- (b) Adoption of a resolution by the Redevelopment Agency Board approving the reallocation of \$50,000 from Alum Rock Youth Center to Mexican Heritage Corporation Grant new project line in the Neighborhood Investment Program Redevelopment Area to the Adopted FY 2003-2004 Capital Budget and amending the FY 2003-2004 Agency appropriations resolution.

CEQA: Resolution No. 64172

Agency Resolution No. 5534 adopted. Absent: Campos.

7.6 City Council and Redevelopment Agency actions related to traffic studies and environmental planning in the Rincon de Los Esteros Project Area of North San Jose.

Recommendations:

- (a) Adoption by the City Council of the following 2003-2004 Appropriation Ordinance amendments in the General Fund:

- (1) Establish a Transfer to the Redevelopment Agency in the amount of \$80,000 for consultant services related to the Rincon de Los Esteros Redevelopment Plan; and,

(2) Decrease the Office of Economic Development Non-Personnel/
Equipment Budget 2004-2005 Appropriation by \$80,000.

City Ordinance No. 27216 adopted. Absent: Campos.

(b) Adoption of a resolution by the Redevelopment Agency Board approving the shift of \$200,000 from the FY 2004-05 Capital Budget to the FY 2003-04 Adopted Capital Budget in the Industrial Work Program – Implementation project line in the Rincon Redevelopment Area, and amending the FY 2003-04 Agency appropriations resolution.

Agency Resolution No. 5535 adopted. Absent: Campos.

(c) Redevelopment Agency Board approval of the first amendment to the agreement with Hexagon Transportation Consultants, Inc., in the amount of \$200,000 for a total contract amount of \$400,000, to prepare the Traffic Study for the proposed North San Jose Area Development Policy.

Approved. Absent: Campos.

(d) Redevelopment Agency Board approval of an agreement with David J. Powers and Associates, in the amount of \$200,000, to prepare an Environmental Impact Report for the proposed North San Jose Area Development Policy.

Approved. Absent: Campos.

7.7 City Council and Redevelopment Agency actions related to an Owner Participation Agreement with San Jose Unified School District for the installation of a security fence at Pioneer High School.

Recommendations:

(a) Adoption of a resolution by the Redevelopment Agency Board authorizing the Executive Director to negotiate and execute an Owner Participation Agreement with the San Jose Unified School District for the installation of a security fence at Pioneer High School, in an amount not to exceed \$100,000.

Agency Resolution No. 5536 adopted. Absent: Campos.

(b) Adoption of a resolution by the Redevelopment Agency Board approving the shift of \$100,000 from FY 2004-2005 to FY 2003-2004 in the Hoffman/Via Monte – Alley Design project line in the Strong Neighborhoods Initiative Redevelopment Area, adjusting the FY 2003-04 Capital Budget and amending the FY 2003-2004 Agency appropriations resolution.

Agency Resolution No. 5537 adopted. Absent: Campos.

(c) Adoption of a resolution by the City Council making certain determinations regarding the expenditure of Redevelopment Agency funds for the improvement of property that is publicly owned.

CEQA: Exempt, PP04-06-207

City Resolution No. 72261 adopted. Absent: Campos.

CLOSED SESSION REPORT

None.

OPEN FORUM

None.

ADJOURNMENT

The meeting adjourned at 9:00 p.m.