

REDEVELOPMENT AGENCY BOARD

SYNOPSIS

June 8, 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 2:50 p.m.

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

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.

Recommend deferral of Item 7.1, the temporary expansion of the San Jose McEnery Convention Center, to June 15, 2004.

Items 7.1 – 7.3 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.

Approved.

1 CEREMONIAL ITEMS

None.

2 CONSENT CALENDAR

2.1 Acceptance of Agency Financial Reports

- (a) Monthly Financial Statements – April 2004
- (b) Capital Cost Report – April 2004
- (c) Cash Flow Projection – April 2004

Approved. Noes: LeZotte.

2.2 Report of the Rules Committee – May 12, 2004.

Vice Mayor Dando, Chair

- (a) Review May 25, 2004 Draft Agenda.
- (b) Addition of new items to the May 18, 2004 Agenda.
- (c) Staff Reports Outstanding for the May 18, 2004 Agenda.

Approved.

3 NEIGHBORHOOD IMPROVEMENT STRATEGIES

None.

4 HOUSING

None.

5 PUBLIC FACILITIES AND SPACES

5.1 Award of a construction contract for the Guadalupe River Park Stone Facing at Woz Way Project.

Recommendation: Adoption of a resolution awarding a construction contract to NCCI, Inc., in the amount of \$465,000 and establishing a construction contingency in the amount of \$35,000, for a total construction cost not to exceed \$500,000, for the Guadalupe River Park Stone Facing at Woz Way Project. CEQA: Exempt, PP04-05-180.

Agency Resolution No. 5505 adopted.

6 PRIVATE DEVELOPMENT

6.1 Approval of an amendment to the DDA with Montgomery Hotel Group, LLC, relating to the development of the Montgomery Hotel.

Recommendation: Adoption of a resolution authorizing the Executive Director:

- (a) To negotiate and execute a Third Amendment to the Amended and Restated Disposition and Development Agreement (DDA) with Montgomery Hotel Group, LLC to: (1) cap Agency revenue participation payments at \$75 million while retaining current priority as to their payment; convert Redevelopment Agency grant monies into a loan; and adjust the distribution of tax credits between the Developer and Agency, contingent upon the General Counsel's approval of supporting legal opinions and (2) establish the Agency's total cost for the seismic retrofit and roof of the Montgomery Hotel Project and provide for an easement to the Montgomery Hotel Group, LLC, on the Agency's adjoining Block 8 parcel for location of a grease interceptor for the Hotel's restaurant use; and,

- (b) To execute a Promissory Note, Deed of Trust, and related documents evidencing the Agency's loan of \$6,065,000 to the Developer, to negotiate and execute an amendment to the Agency's agreement with Heritage Bank of Commerce evidencing Heritage's consent to the priority of Agency's revenue participation payments and to acknowledge this third amendment, and to negotiate and execute similar agreements with any future Permitted Mortgagees as defined within the DDA.

CEQA: Resolution No. 68839, RCP03-032.

Agency Resolution No. 5506 adopted.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL

7.1 Approval of certain budget actions and various amendments related to the temporary expansion of the San Jose McEnery Convention Center.

Recommendation:

- (a) Adoption of a resolution by the City Council:
 - (1) Making certain determinations required by Redevelopment Law related to Agency funding of a public improvement, specifically the Temporary Convention Center Expansion Project; and,
 - (2) Authorizing the City Manager to negotiate and execute an agreement with the Redevelopment Agency to transfer the structure upon project completion.

- (b) Adoption of resolutions by the Agency Board:
 - (1) Approving the addition of a Temporary Convention Center Expansion Project line to the Adopted FY 2003-2004 Capital Budget in the amount of \$6,600,000 in the Merged Redevelopment Area, and amending the FY 2003-2004 Agency appropriations resolution.
 - (2) Awarding a construction contract for construction of the Expansion Project to Garden City Construction, the low bidder, in the amount of \$4,660,478, and establishing a construction contingency in the amount of \$233,024 for a total construction cost not to exceed \$4,893,502, for the San Jose McEnery Convention Center Temporary Expansion Project.
 - (3) Authorizing the Executive Director to determine the lowest responsive and responsible bidder and award a contract for the construction of site preparation and improvements for the San Jose McEnery Convention Center Temporary Expansion Project, and to establish a contract

contingency for up to 15%, as long as the construction contract and contingency do not exceed \$1,217,000; and,

- (4) Authorizing the Executive Director to negotiate and execute ancillary agreements with public utility companies, in an aggregate amount not to exceed \$180,000, for services required for the Project; and,
- (5) Authorizing the Executive Director to negotiate and execute an agreement with the City for the transfer of ownership and operation of the temporary structure upon project completion.

(c) Approval by the Agency Board of agreements with:

- (1) Ellerbe Becket, Inc., in an amount not to exceed \$70,000, for professional architectural design and engineering services.
- (2) Bellecci and Associates, Inc., in an amount not to exceed \$45,000, for professional civil engineering services.
- (3) Alliance Engineering Consultants, Inc., in an amount not to exceed \$71,000, for professional electrical design services.
- (4) Zahn Group, Inc., in an amount not to exceed \$65,000, for professional construction management services.

CEQA: Mitigated Negative Declaration File Number CP04-028.

Item 7.1(a)-(c) was deferred to June 22, 2004.

7.2 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 DDA, and to negotiate and execute additional amendments to this amended DDA substantially in conformance with the intent of the First Amendment DDA as reasonably necessary to comply with lender restrictions.

CEQA: Resolution No. 68839, PDC02-077.

Public testimony received. Item 7.2(a)&(b) was continued to June 29, 2004.

7.3 Award of a construction contract for the Meadowfair Park Project.

Recommendations:

- (1) Adoption of a resolution by the City Council making certain determinations required by Redevelopment Law for Redevelopment Agency funding of Public Improvements.

Public testimony received. City Council Resolution No. 72136 adopted.

- (2) Approval by the City Council of a Cooperation Agreement with the Redevelopment Agency providing for the City's contribution of \$450,000 towards the Agency's construction of the Meadowfair Park Project.

Public testimony received. Approved.

- (3) Adoption by the City Council of the following Appropriation Ordinance amendments in Council District 8 Construction and Conveyance Tax Fund:

(a) Establishing a transfer to the Redevelopment Agency in the amount of \$123,000 for the Meadowfair Park project; and,

(b) Decreasing the Ending Funding Balance by \$123,000.

Public testimony received. City Ordinance No. 27177 adopted.

- (4) Adoption by the City Council of the following Appropriation Ordinance amendments in the Park Trust Fund:

(a) Establishing a transfer to the Redevelopment Agency in the amount of \$327,000 for the Meadowfair Park project; and,

(b) Decreasing the Reserve for Future PDO/PIO Projects by \$327,000.

Public testimony received. City Ordinance No. 27178 adopted.

- (5) Adoption of a resolution by the Agency Board delegating authority to the Executive Director to award a construction contract to the lowest responsive bidder within 180 days from the bid opening and authorizing a construction contingency in the amount of 10% of the contract price for construction of improvements to Meadowfair Park, for a total construction cost not to exceed \$840,000 including the contingency, or to reject all bids if an award cannot be made.

Public testimony received. Agency Resolution No. 5507 adopted.

- (6) Approval by the Agency Board of a Cooperation Agreement with the City of San Jose providing for the City's contribution of \$450,000 towards the Agency's construction of the Meadowfair Park Project.

Public testimony received. Approved.

- (7) Adoption of a resolution by the Redevelopment Agency Board approving the addition of \$450,000 to the Other Revenue line item, reflecting the transfer of funds from the City in the FY 2003-2004 Adopted Budget, approving the add of \$450,000 to fund the construction contract in the Meadowfair Park project line in the SNI – West Evergreen Redevelopment area to the FY 2003-2004 Adopted Budget, and amending the Agency’s FY 2003-04 Appropriation Resolution.

CEQA: ND, File No. PP04-01-025.

Public testimony received. Agency Resolution No. 5508 adopted.

CLOSED SESSION REPORT

None.

OPEN FORUM

None.

ADJOURNMENT

The meeting adjourned at 3:00 p.m.