

# **REDEVELOPMENT AGENCY BOARD**

## **SYNOPSIS**

**December 14, 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

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](http://www.sjredevelopment.org).

## **CALL TO ORDER AND ROLL CALL**

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Mayor Ron Gonzales called the meeting to order at 3:58 p.m.

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

**ABSENT: GREGORY (EXCUSED).**

## **ORDERS OF THE DAY**

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

Item 6.1 is to be dropped.

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

**Approved. Absent: Gregory, Yeager.**

Council member Yeager entered the meeting at 4:00 p.m.

### **1 CEREMONIAL ITEMS**

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**None.**

### **2 CONSENT CALENDAR**

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- 2.1 Recommendation:** Approval of Redevelopment Agency Minutes for:  
(a) Regular meeting of November 9, 2004  
**Approved. Absent: Gregory.**

## **2 CONSENT CALENDAR (Continued)**

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### **2.2 Approval of the first amendment to the Restaurant Lease with Century Flames, Inc., revising the Work Letter Agreement.**

**Recommendations:** Approval of the first amendment to the Restaurant Lease with Century Flames, Inc., for the property located at 88 South Fourth Street, revising the Restaurant Lease to extend the schedule for the tenant's performance under the Lease and to clarify each party's obligations with respect to certain improvements.

CEQA: Resolution No. 68839, PP03-08-263.

**Approved. Absent: Gregory.**

### **2.3 Approval of an increase in the contingency for the agreement with Shaper Lighting for historic light fixtures for the California Theatre.**

**Recommendation:** Adoption of a resolution increasing the contingency amount for the agreement with Shaper Lighting in the amount of \$5,548, for a total contingency amount not to exceed \$66,218 for the removal, restoration, purchase and installation of historic decorative light fixtures in the California Theatre. CEQA: Resolution No. 68839; RCP00-02-001 and RSP02-004.

**Resolution No. 5561 adopted. Absent: Gregory.**

### **2.4 Approval of an amendment to the agreement with Keyser Marston Associates, Inc., for real estate and financial consulting services.**

**Recommendation:** Approval of the second amendment to the agreement with Keyser Marston Associates, Inc., in the amount of \$100,000 for a total amount not to exceed \$550,000, for real estate and financial consulting services, and extending the term by one year, through December 31, 2005.

**Approved. Absent: Gregory.**

### **2.5 Approval of the third amendment to the agreement with URS Corporation, for environmental sampling, testing, remediation documents and monitoring for the downtown mixed-use project.**

**Recommendation:** Approval of the third amendment to the agreement with URS Corporation, for environmental sampling, testing, remediation documents and monitoring related to the CIM downtown mixed-use project, continuing and extending the term by one year, through December 31, 2005. CEQA: Resolution No. 71039.1, RCP 02-012, -013, -014.

**Approved. Absent: Gregory.**

## **2 CONSENT CALENDAR (Continued)**

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**2.6 Approval of the second amendment to the agreement with Fleishman-Hillard, Inc., for services associated with the preparation of a strategic communications and public relations campaign for the Rincon de los Esteros and Edenvale Redevelopment Project Areas.**

**Recommendation:** Approval of the second amendment to the agreement with Fleishman-Hillard, Inc., in an amount not to exceed \$100,000 for a total contract not to exceed \$199,000, for services associated with the preparation of a strategic communications and public relations campaign for the Rincon de los Esteros and Edenvale Redevelopment Project Areas, and extending the contract term through December 31, 2005.

**Approved. Absent: Gregory.**

**2.7 Approval of the third amendment to the agreement with Earth Tech, Inc., for on-going environmental monitoring and reporting services for the Adobe Systems Phase II Sites.**

**Recommendation:** Approval of the third amendment to the agreement with Earth Tech, Inc., in the amount of \$88,070 for a total contract amount not to exceed \$181,250, for on-going environmental monitoring and reporting services for the Adobe Systems Phase II Sites at 345 Park Avenue and 151 Almaden Boulevard, amending the scope of services and extending the contract term through December 31, 2005.

**Approved. Absent: Gregory.**

**2.8 Approval of an amendment to the agreement with Economic Development Systems for retail consulting services for the Downtown, NBD and SNI Redevelopment Project Areas.**

**Recommendation:** Approval of the third amendment to the agreement with Economic Development Systems, extending the agreement by one-year, for retail consulting services for the Downtown Redevelopment Project Areas, Neighborhood Business District Areas and the SNI Redevelopment Project Area, at no additional cost to the budget.

**Approved. Absent: Gregory.**

## **2 CONSENT CALENDAR (Continued)**

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### **2.9 Approval of amendments to agreements with three firms for services related to the Facade Improvement Programs.**

#### **Recommendation:**

- (a) Approval of the third amendment to the agreement with Banducci Associates Architects, in the amount of \$60,000, for a total not to exceed \$275,000 for architectural design and construction administration services for the Facade Improvement Program, extending the term of the agreement by two years, through December 31, 2006; and,
- (b) Approval of the fifth amendment to the agreement with M. Sandoval Architects, in the amount of \$150,000, for a total amount not to exceed \$415,000, for architectural design and construction administration services for the Facade Improvement Program, extending the term of the agreement by two years, through December 31, 2006; and,
- (c) Approval of the fourth amendment to the agreement with Studio “S Squared”, in the amount of \$250,000, for a total amount not to exceed \$520,000, for architectural design and construction administration services for the Facade Improvement Program, and extending the term of the agreement by two years, through December 31, 2006.

**Approved. Absent: Gregory.**

### **2.10 Approval of \$280,000 in additional funding in the FY 2004-05 Adopted Capital Budget in the Software/Environmental Business Cluster Lease project line.**

**Recommendation:** Approval of \$280,000 in additional funding in the FY 2004-05 Adopted Capital Budget in the Software/Environmental Business Cluster Lease project line.

**Resolution No. 5562 adopted. Absent: Gregory.**

### **2.11 Approval of the first amendment to the Owner Participation Agreement with Isis Properties, LLC, revising the terms for the rehabilitation of the building located at 35-49 East Santa Clara Street.**

**Recommendation:** Approval of the first amendment to the Owner Participation Agreement with Isis Properties, LLC, revising the project funding and Agency loan repayment terms for the rehabilitation of the building located at 35-49 East Santa Clara Street, also known as the Dr. Eu Building.

**Approved. Absent: Gregory.**

**2.12 Approval of Amended and Restated Facade Improvement Program Grant Agreements for five properties in the Neighborhood Business Cluster Redevelopment Project Area.**

**Recommendation:** Approval of Amended and Restated Facade Improvement Program Grant Agreements for five properties in the Union and Camden area of the Neighborhood Business Cluster Redevelopment Project Area with:

- (a) Raymond M. and Esther M. Desrosiers, owners of the commercial property located at 3617-3635 Union Avenue, to increase the amount of the Grant by \$60,000 for a total not to exceed \$159,000; and,
- (b) David G. and Jeanette M. Roberts, owners of the commercial property located at 3649-3657 Union Avenue, to increase the amount of the Grant by \$68,000 for a total not to exceed \$167,000; and,
- (c) Salvatore Campagna, Lena Campagna and Judith Lopina, owners of the commercial property located at 3687-3695 Union Avenue, to increase the amount of the Grant by \$100,000 for a total not to exceed \$306,800.
- (d) Reuben Sarkissian and Veronica Sarkissian, owners of the commercial property located at 3665-3681 Union Avenue, to increase the amount of the Grant by \$34,100 for a total not to exceed \$100,100.
- (e) Paula LoFranco and Chris Gigliotti, owners of the commercial property located at 3611 Union Avenue, to increase the amount of the Grant by \$37,000 for a total not to exceed \$72,750.

CEQA: Exempt, PP04-02-046.

**Approved. Absent: Gregory.**

**2.13 Approval of an amendment to the Property-Use and Parking Agreement with Montgomery Hotel Group, LLC, establishing a payment plan and allowing use for public parking.**

**Recommendation:** Approval of the second amendment to the Property Use and Parking Agreement with Montgomery Hotel Group, LLC, establishing a revised due date for past due rent, allowing public parking and providing for percentage rent for such parking, and providing for application of the Development and Disposition Agreement deposit to past due rent. CEQA: Resolution No. 67982.

**Approved. Absent: Gregory.**

### **3 NEIGHBORHOOD IMPROVEMENT STRATEGIES**

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**None.**

### **4 HOUSING**

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**None.**

### **5 PUBLIC FACILITIES AND SPACES**

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#### **5.1 Acceptance of a grant from the Packard Humanities Institute for miscellaneous improvements for the California Theatre project and related budget actions.**

**Recommendation:** Adoption of resolutions:

- (a) Approving an agreement for the eighth grant from the Packard Humanities Institute, in the amount of \$500,000, for miscellaneous improvements for the California Theatre; and,
- (b) Authorizing the Executive Director to purchase additional furniture, fixtures, and equipment (FF&E) for the California Theatre from the PHI grant funds, in an amount of \$80,000, for a total FF&E budget not to exceed \$655,000; and,
- (c) Increasing the construction contingency for the California Theatre in the amount of \$496,270, for a total construction contingency of \$7,513,270; and,
- (d) Amending the Revenue Resolution for FY 2004-2005 for the additional revenue of \$500,000 from the eighth grant from the Packard Humanities Institute; and,
- (e) Amending the FY 2004-2005 Operating Budget for the reallocation of \$60,000 from the Personal Service line to the California Theatre project line in the Market Gateway Redevelopment Area; and,
- (f) Amending the FY 2004-2005 Adopted Capital Budget for the addition of \$326,270 to the California Theatre project line in the Market-Gateway Redevelopment Area, and amending the FY 2004-2005 Agency appropriations resolution.

CEQA: Resolution No. 68839.

**Resolution Nos. 5563 and 5568 adopted. Absent: Gregory.**

## **5 PUBLIC FACILITIES AND SPACES (Continued)**

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### **5.2 Approval of the Third Amendment to the Capital Improvement Work Agreement and Amendment to the Ground Lease with the Billy DeFrank Lesbian and Gay Center.**

**Recommendation:** Approval of the Third Amendment to the Capital Improvement Work Agreement and Amendment to the Ground Lease with the Billy DeFrank Lesbian and Gay Center, allowing the Agency to co-sign a loan with the Center in the amount of \$145,000 from Bank of America in order to provide funding to finalize capital improvements to the building located at 938 The Alameda. CEQA: Resolution No. 62613.

**Resolution No. 5569 adopted. Absent: Gregory.**

## **6 PRIVATE DEVELOPMENT**

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### **6.1 Approval of an Exclusive Negotiations Agreement for the North San Pedro Housing Brandenburg development site.**

**Recommendation:** Approval of an Exclusive Negotiations Agreement for a 240-day period with Olson Urban Housing, LLC, Green Valley Corporation, and Urban Housing Group, Inc., for a planned mixed use residential development of Agency properties located at 178 & 201 Bassett Street; 129, 149, 153, 160, 185, 188, 190 & 255 West Julian Street; 274, 276, 290, 340 & 380 Terraine Street, and 181 Devine Street; 320, 328, 340, 345, 353 North San Pedro, and City properties located under such roadways as may be vacated, and State of California Property located at 255 Bassett, and 331 Terraine. CEQA Resolution No. 72170.

**Item 6.1 was dropped.**

### **6.2 Approval of Owner Participation Agreements for the southwest corner of Story and King Roads.**

**Recommendation:**

(a) Approval of an Owner Participation Agreement with Tropicana Land Company, in the amount of \$240,000, for facade improvements at the Tropicana Foods Market, located at 1630 Story Road.

**Approved. Absent: Gregory.**

(b) Adoption of a resolution authorizing the Executive Director to negotiate and execute an Owner Participation Agreement with Thao Bui, in the amount of \$540,000, for exterior improvements for the building located in the Tropicana Shopping Center, 1109-1165 South King Road.

**Resolution No. 5564 adopted. Absent: Gregory.**

## 6 PRIVATE DEVELOPMENT (Continued)

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### 6.3 Approval of an agreement regarding real property with Integrated Device Technology.

**Recommendation:** Approval of an agreement regarding real property with Integrated Device Technology, Inc., to acquire parking covenants and land for public use at a cost of \$176,400 per year for the next 18 years beginning July 1, 2005 and ending July 1, 2023. CEQA: Exempt; PP04-328.

**Approved. Noes: Cortese. Absent: Gregory.**

### 6.4 Approval of an amendment to the agreement with Sobrato Development Company #940 providing for loan pay-off on the Villa Torino project.

#### **Recommendation:**

(a) Approval of the second amendment to the Disposition and Development Agreement with Sobrato Development Company #940, providing for a loan pay-off by the Developer, in the amount of \$3,600,000 for Villa Torino, a multi-family residential property.

**Approved. Absent: Gregory.**

(b) Adoption of a resolution approving the addition of \$3,600,000 to the FY 2004-05 Adopted Other/Miscellaneous revenue.

**Resolution No. 5565 adopted. Absent: Gregory.**

### 6.5 Approval of the third amendment to the Acquisition, Disposition And Development Agreement with Adobe Systems, Inc., reducing Redevelopment Agency assistance for on-site parking and modifying childcare requirements.

#### **Recommendations:**

(a) Approval of the third amendment to the Acquisition, Disposition and Development Agreement with Adobe Systems, Inc., reducing Agency assistance for on-site parking by \$750,000 for a revised total of \$1,500,000, eliminating Adobe's requirement to provide an on-site child care facility for Adobe employees; and authorizing the Executive Director to update and amend the insurance requirement provisions in the Adobe ground leases.

**Approved. Absent: Gregory, Williams.**

## 6 PRIVATE DEVELOPMENT (Continued)

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Item 6.5 – Continued

- (b) Adoption of a resolution approving the reallocation of \$750,000 from the Adobe Phase II Tower II Project line to the Downtown Business Improvements Pool project line in the Merged Redevelopment Area, and amending the FY 2004-2005 Agency appropriations resolution.  
**Resolution No. 5566 adopted. Absent: Gregory, Williams.**

## 7 JOINT REDEVELOPMENT AGENCY/COUNCIL

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### 7.1 City and Redevelopment actions related to the San Jose McEnergy Convention Center temporary expansion project.

#### Recommendations:

- (a) Adoption of a resolution by the City Council making certain determinations related to the Agency's funding of a public improvement, the McEnergy Convention Center Interim Expansion Project.  
**City Resolution No. 72472 adopted. Noes: Cortese. Absent: Gregory.**
- (b) Adoption of a resolution by the Redevelopment Agency Board:
  - (1) Authorizing the Executive Director to make findings needed for use of a proprietary specification for the San Jose McEnergy Convention Center Interim Expansion Project at the completion of the competitive selection of a rigid frame fabric system; and,
  - (2) Authorizing the Executive Director to negotiate and execute the first amendment to the agreement with Patri-Merker Architects for design of the San Jose McEnergy Convention Center Interim Expansion Project, revising the scope of work and increasing the compensation by \$315,000 for a total amount not to exceed \$500,000; and,
  - (3) Delegating authority to the Executive Director to award a construction contract to the lowest responsive bidder, in an amount not to exceed \$5,000,000, and establishing a contract contingency not to exceed 10% of the contract amount.

CEQA: Mitigated Negative Declaration, CP04-028.

**Agency Resolution No. 5567 adopted. Noes: Cortese. Absent: Gregory.**

## **CLOSED SESSION REPORT**

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**None.**

## **OPEN FORUM**

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**None.**

## **ADJOURNMENT**

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The regular session of the meeting adjourned at 4:35 p.m.