

REDEVELOPMENT AGENCY BOARD

SYNOPSIS

December 16, 2003

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
TERRY GREGORY
DAVID CORTESE
JUDY CHIRCO
PAT DANDO

DISTRICT 6
DISTRICT 7
DISTRICT 8
DISTRICT 9
DISTRICT10

CALL TO ORDER AND ROLL CALL

Mayor Ron Gonzales called the meeting to order at 5:16 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.

Items 7.1 – 7.2 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.

Orders of the day approved.

1 CEREMONIAL ITEMS

Mayor Gonzales presented a commendation and resolution to Executive Director, Susan F. Shick, upon her retirement from the Redevelopment Agency and the City of San Jose.

2 CONSENT CALENDAR

2.1 Approval of Board Meeting Minutes:

Recommendation: Approval of Redevelopment Agency Minutes for the:

- (a) Regular meeting of August 12, 2003.
- (b) Regular meeting of August 19, 2003.

Approved.

2.2 Report of the Rules Committee – December 3, 2003. Vice Mayor Dando, Chair

- (a) Review December 16, 2003 Draft Agenda.
- (b) Changes to the December 9, 2003 Agenda.
- (c) Staff reports outstanding for December 9, 2003.

Approved.

2.3 Approval of Agency insurance policy renewals.

Recommendation: Approval for the purchase of Agency insurance policy renewals for the period December 31, 2003 to December 31, 2004, with Landmark American Insurance for property coverage, the ACE Companies (Illinois Union Insurance Company) for the primary liability and Westchester Surplus for the excess liability coverage, in an amount not to exceed \$306,311.

Approved.

2.4 Approval of an amendment to the agreement with LSA for preparation of an EIR.

Recommendation: Approval of a Continuation and First Amendment to the Agreement with LSA Associates for services in connection with preparation of an Environmental Impact Report (EIR) for the proposed Strategy 2000-San Jose Greater Downtown Strategy for Development extending the term to December 31, 2004, at no additional cost.

Approved.

3 NEIGHBORHOOD IMPROVEMENT STRATEGIES

None.

4 HOUSING

None.

5 PUBLIC FACILITIES AND SPACES

5.1 Approval of an amendment to the lease agreement with the San Jose Stage Company for the facility located at 490 South First Street.

Recommendation: Approval of the third amendment to the lease agreement with the San Jose Stage Company, a nonprofit public benefit corporation, for the facility

located at 490 South First Street (APN: 467-47-098), extending the lease through December 31, 2004, at the rate of \$2,000 monthly and providing for two, one-year renewal options. CEQA: Exempt.

Approved.

5.2 Capital Improvement Program List contingent on Bond Sale and adjustments to the FY 2003 – 2004 Capital Budget and FY 2004 – 2008 Capital Improvement Program.

Recommendation: Approval of the list of projects contingent on the recent sale of the Tax Allocation Bonds and adoption of a resolution:

- (a) Approving a funding shift of \$975,000 from FY 2004-2005 to FY 2003-2004 for the Blackford SNI project line and approving the use of the \$120 million bond proceeds to fund this project in the current fiscal year; and,
 - (b) Amending the FY 2003-2004 Agency appropriations resolution; and,
 - (c) Amending the FY 2004-2008 Capital Improvement Program.
- Resolution No. 5458 adopted.**

6 PRIVATE DEVELOPMENT

6.1 Approval of the methodology for disbursement of funds from the Downtown Business Improvements Pool.

Recommendations: Approval of the funding methodology for the Downtown Business Improvements Pool regarding project type and program allocation, targeted projects, funding criteria, and application process.

Board Member Chavez made an addition to the motion that the Office of Economic Development (OED) be engaged in the program process and that OED meet with Agency staff. Approved.

6.2 Approval for issuance of an RFP for certain Agency-owned properties.

Recommendation: Approval for the issuance of a Request for Proposals (RFP) for the development of 351-369 S. 1st Street and 360-396 S. Market Street (also known as Dimensions), for mixed-use development for a retail/entertainment district.

Board Member Chavez made the following additions to the motion: 1) to adjust the language in Item 2 of the “Evaluation Criteria for Proposals” section of the RFP to refer to the financial compensation and/or asset contributions to the City or Agency; 2) to include, as an additional evaluation criteria, contribution of

proposed project to overall City and Agency goals, including housing, retail, and downtown development strategies; and 3) to include in relevant sections of the RFP additional language to include or pursue opportunities for facilities for non-profits, community, or cultural organizations. **Approved.**

6.3 Direction to negotiate a lease amendment with BTN Restaurant, LLC.

Recommendation: Authorization for the Executive Director to negotiate a lease amendment with BTN Restaurant, LLC, (dba Lee’s Sandwiches) for the property located at 88 South Fourth Street, to expand the premises from 2,890 square feet to 5,155 square feet under the same general terms and conditions as the existing lease agreement.

Approved.

6.4 Modification of the San Jose Marriott DDA.

Recommendation: Adoption of a resolution approving, in accordance with the recorded Declaration of Covenants and Restrictions, a substitution of the Manager for the downtown San Jose Marriott Hotel in order to enable the Developer, Walton San Jose Investors, to restructure the hotel financing.

Board Member Chavez made an alternative motion as follows: 1) direct staff to request additional information to determine whether the Marriott Hotel Services Inc. adequately meets the criteria set forth in the Declaration of Covenants regarding operating experience, financial strength, use of national reservation system, and a record of maintaining fair employment practices and good employee relations, and 2) authorize the Executive Director to consent to the substitution of the Manager upon receipt of satisfactory evidence that the above criteria are met by Marriott Hotel Services in consultation with the General Counsel’s Office and the Mayor’s Office. Resolution No. 5459 adopted.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL

7.1 Approval actions related to a lease with The Flames Coffee Shop for Agency-owned space located in the Fourth Street Garage.

Recommendations:

- (a) Adoption of a resolution by the City Council accepting the summary of costs and findings of the Summary 33433 Report and the Estimated Reuse Valuation pursuant to the California Health and Safety Code Section 33433 for the lease of approximately 6,150 square feet at 88 South Fourth Street to

The Flames Coffee Shop, Inc., making certain findings and approving the lease.

City Council Resolution No. 71897 adopted. Noes: Reed.

- (b) Approval by the Agency Board of a lease between The Flames Coffee Shop, Inc. (Tenant), and the Agency (Landlord) for space of approximately 6,150 square feet located at 88 South Fourth Street, for a fifteen-year term, with three five-year options.

Approved. Noes: Reed.

- (c) Adoption of a resolution by the City Council authorizing the City Manager to execute a Certificate of Nondisturbance and Attornment and other documents necessary to effectuate the lease with The Flames Coffee Shop, Inc., under the terms of the Master Lease Between the City and the Agency for the Fourth Street Garage retail space.

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

City Council Resolution No. 71897 adopted. Noes: Reed.

7.2 Approval of a DDA with Black Sea Gallery for the sale of the Woolworth Building at 27 South First Street and its rehabilitation and use as a retail store.

Recommendations:

- (a) Adoption of a resolution by the City Council accepting the 33433 Summary Report and Re-Use Appraisal, and finding that the disposition of Woolworth Building at 27 South First Street (APN 259-40-043) to Black Sea Gallery, LLC, will assist in the elimination of blight, is consistent with the Pueblo Uno Redevelopment 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).

City Council Resolution No. 71899 adopted.

- (b) Adoption of a resolution by the Redevelopment Agency approving a DDA with Black Sea Gallery, LLC, a California limited liability company, and authorizing the Executive Director to execute the DDA and ancillary documents contemplated by the DDA, to close escrow 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 and as reasonably necessary to conform to lender requirements.

Resolution No. 5460 adopted.

- (c) Adoption of a resolution approving the additional revenue of \$500,000 to the Adopted 2003-2004 Capital Budget Other/Miscellaneous Revenue, and

amending the FY 2003-2004 Agency appropriation resolution.

CEQA: Resolution No. 71039.1, PP03-04-100.

Resolution No. 5461 adopted with a clarification that an amendment to the appropriations resolution was not required.

CLOSED SESSION REPORT

None.

OPEN FORUM

None.

ADJOURNMENT

The meeting adjourned at 5:31 p.m.