



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Walesh

SUBJECT: SEE BELOW

DATE: August 3, 2018

Approved

D. DSYL

Date

8/3/18

SUBJECT: RESOLUTION REGARDING SAN JOSE UNIFIED SCHOOL DISTRICT COORDINATION AND COMMUNICATION

RECOMMENDATION

Adopt a resolution regarding coordination and communication with San Jose Unified School District.

OUTCOME

The Mayor/Council and City Manager will commit to ensuring that the views of San Jose Unified School District (the School District) are sought and considered in City decisions directly affecting the School District. SJUSD will sign the Compensation Agreement outlining terms for transfer to the City and subsequent sale of 5 former Redevelopment sites.

BACKGROUND

Through an Exclusive Negotiations Agreement, the City and Google are discussing sale of 5 main sites which were formerly owned by the San Jose Redevelopment Agency and are now owned by the "Successor Agency to the Redevelopment Agency" (SARA). These 5 sites, made up of 9 individual parcels, total about 6.5 acres.

When the State of California terminated redevelopment agencies in 2011, the State developed very specific regulations for how local authorities must sell or otherwise dispose of properties owned by former redevelopment agencies. Under these regulations, properties must be disposed of according to a State-approved "Long Range Property Management Plan"¹ (Plan). The Plan approved in 2014 for the former San Jose Redevelopment Agency identified that the 5 Diridon

¹ <http://www.sjredevelopment.org/realestate/LRPMP/LRPMP%20Final%20Approved%20by%20DOF%20February%208%2C%202014.pdf>

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properties were to be transferred to the City for redevelopment. The approved process requires the City to enter into a “Compensation Agreement”² with the other 13 taxing entities to transfer the properties to the City of San Jose for \$0, to subsequently sell the properties at fair market value, and then to provide payments to the taxing entities in proportion to their shares of the base property tax. The Compensation Agreement states that the properties must be transferred to the City and the City must dispose of the property by December 31, 2018.

In January 2018, the City and County determined, using professional appraisers, the fair market value of the Diridon properties to be \$67 million (\$237 per square foot).

By June 2018, the Compensation Agreement reflecting this price had been approved and executed by 13 of the 14 taxing entities—all except San Jose Unified School District.

At their June 28 meeting, the Directors of the SJUSD Board of Education approved a resolution delegating to Superintendent Nancy Albarran or her designee the power to execute the Compensation Agreement. The Rationale for the Delegation of Power describes the Superintendent as performing due diligence to on behalf of the District and its constituents to safeguard San Jose’s long-term interests. At the Board Meeting, Deputy Superintendent Stephen McMahon indicated that he was engaged with the City Administration to develop a Council Resolution regarding coordination and collaboration with the District and that, in conjunction with approval of the Resolution, the Superintendent would sign the Compensation Agreement in a timely manner with the delegated power.

ANALYSIS

The recommended Resolution is attached to this Memo, and was developed with input from the City Administration and City Attorney.

The School District seeks assurance that the Council will consider the views and perspectives of the School District on issues affecting public education, schools, and programs, in the interest of well-informed and coordinated decision-making.

The Resolution includes three commitments.

Land Use and Development. The Resolution affirms that the City will fulfill its duties to coordinate, consult, or collaborate with the School District when required or recommended by law. This includes provisions governing amendment of General Plans, zoning, school siting, development impact fees, and CEQA review of projects.

Educational Services. When a discretionary decision of the Council may directly impact the School District, the Resolution provides that the City Manager (or designee) will seek the input

² <https://sanjose.legistar.com/LegislationDetail.aspx?ID=3332487&GUID=3B057083-A106-4057-AB79-A3F0AC960C64&Options&Search>

of the School District's Superintendent (or designee) before Council action. If the School District has not had opportunity to consider a recommended proposal, Council will defer action up to 30 days to allow for School District consideration—unless there is a finding by the Council that there is overriding public interest in taking action more promptly. At any public hearing on such a proposal, Council will permit a School District representative to present the District's views.

Communication. The Resolution commits the City to notify the School District regarding upcoming or anticipated actions, and include the School District on all mailing lists to receive legal notices of planned land use and development decisions, as well as other decisions that may directly impact the School District.

The resolution will not take effect until the January 1, 2018 agreement entitled "Compensation Agreement Pursuant to Health and Safety Code Section 34180(f) Regarding the Transfer of Property for Future Development" concerning the former Redevelopment properties in the Diridon Station Area is executed by the School District.

EVALUATION AND FOLLOW-UP

Following adoption of the Resolution, the City Manager will monitor ongoing implementation. After SJUSD signs the Compensation Agreement, the former Redevelopment properties will be transferred to the City to sell for the agreed upon price by the agreed upon deadline: December 31, 2018.

PUBLIC OUTREACH

The idea of a Resolution was discussed at the June 28 public meeting of the San Jose Unified School Board. This memorandum will be posted on the City's Council Agenda website for the August 14, 2018 Council Meeting.

A comprehensive community engagement effort has been underway since February 2018 to share information and gather community input on a range of topics related to development of the Diridon Station Area. Information about the Diridon Station Area, including FAQ's about sale of the former Redevelopment properties and the potential Google development, can be found at diridonsj.org.

COORDINATION

This item has been coordinated with the City Attorney's Office.

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COMMISSION RECOMMENDATION/INPUT

No commission action is associated with this item.

CEQA

Not a Project, File No. PP17-003, Agreements resulting in no changes to the physical environment.

/s/

KIM WALESH

Deputy City Manager

Director of Economic Development

For questions, please contact Kim Walesh, Deputy City Manager, at (408) 535-8177.