

MINUTES OF THE CITY COUNCIL

SAN JOSÉ, CALIFORNIA

TUESDAY, FEBRUARY 5, 2019

The Council of the City of San José convened in Regular Session at 9:30 a.m. in the Council Chambers at City Hall.

9:33 a.m.- Closed Session, Call to Order in Council Chambers
Absent Councilmembers: Diep.

1:30 p.m.- Regular Session, Council Chambers, City Hall (special time)
Absent Councilmembers: All Present.

18-1772 Closed Session Agenda

CLOSED SESSION

Upon motion unanimously adopted, Council recessed at 9:33 a.m. to a Closed Session in Room W133; (A) to Confer with Legal Counsel, Existing Litigation, pursuant to Section 54956.9(d)(1) of the Government Code: (1) Cooper v. City, et al.; Names Of Partie(s) Involved: Benjamin Cooper, City of San José, a municipal corporation; and Does 1-30, inclusive; Court: U.S. District Court, Northern District of California, San José Division; Case No. 16-CV-06237-BLF; (2) Baker v. City, et al.; Names Of Partie(s) Involved: Desiree D. Baker; Daniel Pfeifer; City of San José; Does 1-10 inclusive; Court: Superior Court of California, County of Santa Clara, Unlimited Jurisdiction; Case No.: 18-CV-325069; (B) to Confer with Real Property Designated Representatives Pursuant to Government Code Section 54956.8: Property Street Address, Parcel Number, or other Unique Reference of Property: Brandenburg property: APNs 708-25-001, -002; 708-26-001, -002; 708-27-001, -002, -007, -014; 708-28-002; 708-30-008, -016, -017 and -018; Property: Sobrato North Property: APNs 703-30-014 and -015; Sobrato South property: APNs 712-23-111 and -112; Negotiation Parties: Nanci Klein for the City of San José and Tim Steel for Sobrato and Bill Barron for Brandenburg; Under Negotiation: the direction will concern price and terms of payment; Likely Range of Value of Property: Negotiated price based on appraisal and comparable property values.

By unanimous consent, Council recessed from Closed Session at 10:56 a.m. and reconvened to Regular Session at 1:33 p.m. in the Council Chambers.

Present: Councilmembers: Arenas, Carrasco, Davis, Diep, Jimenez, Jones, Khamis, Foley, Peralez, Esparza; Liccardo.

Absent Councilmembers: All Present.

Access the video, the agenda and related reports for this meeting by visiting the City's website at <http://www.sanjoseca.gov/city> or <http://www.sanjoseca.gov/civiccenterv>. For information on any ordinance that is not hyperlinked to this document, please contact the Office of the City Clerk at (408) 535-1266.

INVOCATION (District 8)

Dazzling Divas provided a tap dance routine for the Invocation.

PLEDGE OF ALLEGIANCE

Mayor Sam Liccardo led the Pledge of Allegiance accompanied by students from Easterbrook Elementary School.

ORDERS OF THE DAY

Upon motion by Councilmember Johnny Khamis, Councilmember Dev Davis, and carried unanimously, the Orders of the Day and the Amended Agenda were approved. (11-0.)

CLOSED SESSION REPORT

None provided.

CEREMONIAL ITEMS

- 1.1 Mayor Sam Liccardo and Councilmember Johnny Khamis provided a commendation to Lynn Brown for serving as a positive role model and pillar of her community of San José, and for her unwavering kindness to animals. (Khamis)
- 1.2 Mayor Sam Liccardo and Councilmember Sylvia Arenas presented a proclamation recognizing February 2019 as Teen Dating Violence Awareness Month in the City of San José. (Arenas)

CONSENT CALENDAR

Upon motion by Vice Mayor Chappie Jones, seconded by Councilmember Magdalena Carrasco and carried unanimously, the Consent Calendar was approved and the below listed actions were taken as indicated. (11-0.)

2.1 Approval of City Council Minutes.

None provided.

2.2 18-1893 Final Adoption of Ordinances.

- (a) Ord No. 30208 - An Ordinance of the City of San José Rezoning Certain Real Property of Approximately 5.97 Gross Acres Situated on the East Side of Evans Lane Approximately 170 Feet Northerly of Canoas Garden Avenue (0 Evans Lane) from the A(PD) Planned Development Zoning District and Light Industrial Zoning District to the R-M(PD) Planned Development Zoning District.

Action: Ordinance No. 30208 was adopted. (11-0.)

2.3 Approval of Council Committee Minutes.

None provided.

2.4 Mayor and Council Excused Absence Requests.

None provided.

2.5 City Council Travel Reports.

None provided.

2.6 Report from the Council Liaison to the Retirement Boards.

None provided.

2.7 18-1856 Emergency Operations Plan.

Adopt a resolution amending the City of San José Emergency Operations Plan, Base Plan. (City Manager)

Documents Filed: (1) Memorandum from Director of the Office of Emergency Management, Ray Riordan, dated January 24, 2019, recommending adoption of a resolution. (2) Emergency Operations Plan dated February 2019.

Mayor Sam Liccardo pulled Item 2.7 to offer appreciation to the Office of Emergency Management. Staff responded to questions from the Council.

Public Comments: Blair Beekman spoke on the importance of continued dialogue with the public.

Action: Upon motion by Councilmember Johnny Khamis, seconded by Councilmember Sylvia Arenas and carried unanimously, Resolution No. 78969, entitled: “A Resolution of the Council of the City of San José Adopting the City of San José Emergency Operations Plan, Base Plan”, was adopted. (11-0.)

2.8 18-1855 Lateral Tie-Back Agreement and Consent to Use Cranes Related with ICS Corporate Yard Multifamily, LLC for Construction of Japantown Square Project Located at 685 North 7th Street.

Approve a Lateral Tie-Back Agreement and Consent to Use of Cranes with ICS Corporate Yard Multifamily, LLC to provide the developer with certain rights to use the City-owned property located at 685 North 7th Street for an amount of \$50,000, for the construction of the adjacent Japantown Square project.

CEQA: Addendum to the Japantown Corporation Yard Redevelopment Project Final Environmental Impact Report (Resolution No. 74384), File No. PDC15-018. Council District 3. (Economic Development)

Documents Filed: Memorandum from Deputy City Manager/Director of Economic Development Kim Welsh, dated January 23, 2019, recommending approval of an Agreement and Consent.

Action: The Lateral Tie-Back Agreement and Consent to Use of Cranes with ICS Corporate Yard Multifamily, LLC, was approved. (11-0.)

2.9 18-1871 Retroactive Approval of Holocaust Remembrance Day Sponsored by Council District 2 as a City Council Sponsored Special Event to Expend City Funds and Accept Donations of Materials and Services for the Event.

As recommended by the Rules and Open Government Committee on January 23, 2019:

- (a) Retroactively approve the Holocaust Remembrance Day scheduled on January 29, 2019 as a City Council sponsored Special Event and approve the expenditure of funds; and
- (b) Approve and accept donations from various individuals, businesses, or community groups to support the event.

Documents Filed: Memorandum from City Clerk Toni J. Taber, dated February 5, 2019, transmitting the recommendations of the Rules and Open Government Committee.

Action: Retroactive approval of the City Council Sponsored Special Event was accepted. (11-0.)

2.10 18-1894 Retroactive Approval of the Pancake Breakfast Sponsored by Council District 5 as a City Council Sponsored Special Event to Expend City Funds and Accept Donations of Materials and Services for the Event.

As recommended by the Rules and Open Government Committee on January 30, 2019:

- (a) Retroactively approve the Pancake Breakfast scheduled on January 26, 2019 as a City Council sponsored Special Event and approve the expenditure of funds; and
- (b) Approve and accept donations from various individuals, businesses, or community groups to support the event.

Documents Filed: Memorandum from City Clerk Toni J. Taber, dated February 5, 2019, transmitting the recommendations of the Rules and Open Government Committee.

Action: Retroactive approval of the City Council Sponsored Special Event was accepted. (11-0.)

2.11 18-1890 Approval of Dumpster Day at East Valley Pentecostal Church Sponsored by Council District 8 as a City Council Sponsored Special Event to Expend City Funds and Accept Donations of Materials and Services for the Event.

As recommended by the Rules and Open Government Committee on January 30, 2019:

- (a) Approve the Dumpster Day at East Valley Pentecostal Church scheduled on February 9, 2019 as a City Council sponsored Special Event and approve the expenditure of funds; and
- (b) Approve and accept donations from various individuals, businesses, or community groups to support the event.

Documents Filed: Memorandum from City Clerk Toni J. Taber, dated February 5, 2019, transmitting the recommendations of the Rules and Open Government Committee.

Action: Retroactive approval of the City Council Sponsored Special Event was accepted. (11-0.)

2.12 18-1891 Approval of Tet Celebration Sponsored by Council District 8 as a City Council Sponsored Special Event to Expend City Funds and Accept Donations of Materials and Services for the Event.

As recommended by the Rules and Open Government Committee on January 30, 2019:

- (a) Approve the Tet Celebration scheduled on February 8, 2019 through February 10, 2019 as a City Council sponsored Special Event and approve the expenditure of funds; and
- (b) Approve and accept donations from various individuals, businesses, or community groups to support the event.

Documents Filed: Memorandum from City Clerk Toni J. Taber, dated February 5, 2019, transmitting the recommendations of the Rules and Open Government Committee.

Action: Retroactive approval of the City Council Sponsored Special Event was accepted. (11-0.)

STRATEGIC SUPPORT

3.1 Report of the City Manager, David Sykes (Verbal Report)

City Manager Dave Sykes reported on the City’s response to recent storm activity, referenced the City’s Joint Emergency Action Plan and noted controlled releases being done as reservoirs approach capacity.

3.3 18-1857 Agreement with FUSE Corps for Placement Services.

Adopt a resolution authorizing the City Manager to negotiate and execute a Master Agreement for Placement Services between the City of San José and FUSE Corps from July 1, 2019 through June 30, 2022 in an amount not to exceed \$950,000 per year for a total contract amount not to exceed \$2,850,000, subject to City Council appropriation of funds.

CEQA: Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment. (City Manager)

Documents Filed: Memorandum from Deputy City Manager, Civic Innovation & Digital Strategy, Kip Harkness, dated January 24, 2019, recommending adoption of a resolution.

Deputy City Manager, Civic Innovation & Digital Strategy, Kip Harkness and Data Analytics Lead, Office of Civic Innovation and Digital Strategy Erica Garaffo provided a presentation.

Action: Upon motion by Councilmember Pam Foley, seconded by Councilmember Magdalena Carrasco and carried unanimously, Resolution No. 78970, entitled: “A Resolution of the Council of the City of San José Authorizing the City Manager to Negotiate and Execute a Master Agreement for Placement Services between the City of San Jose and FUSE Corps from July 1, 2019 through June 30, 2022 in an Amount not to Exceed \$950,000 per Year for a Total Contract Amount not to Exceed \$2,850,000, Subject to City Council Appropriation of Funds”, was adopted. (11-0.)

3.4 18-1858 Actions Related to the 7786 - Almaden-Vine Safety Improvement Project Located between Grant Street and W. Alma Avenue, Federal Project No. Cml-5005(142).

(a) Report on bids and award of contract for the 7786 - Almaden-Vine Safety Improvement Project to the low bidder, JJR Construction, Inc., for the base bid and the Add Alternate No. 1 in the total amount of \$1,324,156.

(b) Approve a 10% contingency in the amount of \$132,416.

(c) Adopt the following 2018-2019 Appropriation Ordinance amendments in the Construction Excise Tax Fund:

(1) Increase the Almaden/Vine Downtown Couplet (OBAG) appropriation to the Transportation Department in the amount of \$90,000; and

(2) Decrease the Ending Fund Balance by \$90,000.

CEQA: Categorically Exempt, CEQA Guidelines Section 15301(c), Existing Facilities, File No. PP18-029. Council Districts 3 & 7. (Public Works/Transportation/City Manager)

Documents Filed: (1) Joint memorandum from Councilmember Raul Peralez and Councilmember Maya Esparza, dated February 1, 2019, recommending acceptance of staff recommendations. (2) Joint memorandum from Director of Public Works, Matt Cano, John Ristow, Deputy Director of Department of Transportation and Budget Director Margaret McCahan, dated January 24, 2019, recommending acceptance of the report and adoption of appropriation ordinance amendments.

Public Comment: Andrew Boone offered his appreciation for the City's interest and offered additional suggestions.

John Ristow, Deputy Director of Department of Transportation responded to questions from Council.

Motion: Councilmember Raul Peralez moved acceptance, including the memorandum he coauthored with Councilmember Maya Esparza, dated February 1, 2019.

Action: On a call for the question, the motion carried unanimously, and Ordinance No. 30216, entitled "An Ordinance of the City of San José Amending Ordinance No. 30124 to Appropriate Moneys in the Construction Excise Tax Fund for the Almaden/Vine Downtown Couplet (OBAG); and Providing that this Ordinance Shall Become Effective Immediately Upon Adoption", was adopted. including the joint memorandum from Councilmember Raul Peralez and Councilmember Esparza dated February 1, 2019. (9-0-2. Absent: Arenas, Khamis.)

3.5 18-1859 Actions Related to the 8379-City Hall Building HVAC Controls Upgrade Project - Rebid.

(a) Report on bids and award of a construction contract for the 8379 - City Hall Building Heating, Ventilation, and Air Conditioning (HVAC) Controls Upgrade to the low bidder, Sunbelt Controls Corporation, in the amount of \$5,290,000 and approval of a fifteen percent contingency in the amount of \$793,500.

(b) Adopt a resolution authorizing the Director of Public Works to negotiate and execute any single and/or multiple change orders for the 8379-City Hall Building HVAC Controls Upgrade Project in excess of \$100,000 up to the amount of the contingency of \$793,500.

3.5 (Cont'd.)

CEQA: Categorically Exempt, CEQA Guidelines Section 15301 (a), Existing Facilities, File No. PP19-009. Council District 3. (Public Works)

Documents Filed: Memorandum from Director of Public Works, Matt Cano, dated January 24, 2019, recommending acceptance of the report and adoption of a resolution.

Director of Public Works, Matt Cano responded to questions.

Action: Upon motion by Councilmember Sergio Jimenez, seconded by Vice Mayor Chappie Jones and carried unanimously, Resolution No. 78971, entitled: "A Resolution of the Council of the City of San José Authorizing the Director of Public Works to Negotiate and Execute Any Single and/or Multiple Change Orders for the 8379 – City Hall Building Heating, Ventilation, and Air Conditioning Controls Upgrade Rebid Project In Excess of \$100,000 up to the Amount of the Contingency of \$793,500", was adopted. (11-0.)

COMMUNITY & ECONOMIC DEVELOPMENT

4.1 18-1860 **TEFRA Hearing for California Statewide Communities Development Authority's Issuance of Tax-Exempt Multifamily Revenue Bonds to Acquire And Rehabilitate the Valley Palms Apartments.**

(a) Allow under Section I, B. of the City Council Policy 1-16, Policy for the Issuance of Multifamily Housing Revenue Bonds, to permit the California Statewide Community Development Authority to issue private-activity bonds for the acquisition and rehabilitation of the Valley Palms Apartments, a 354-unit apartment complex located at 2155 and 2245 Lanai Avenue in San José.

(b) Hold a Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") public hearing for the issuance not to exceed \$120,000,000 in tax-exempt private-activity bonds by the California Statewide Community Development Authority to finance the Project and to pay certain expenses incurred in connection with the issuance of the bonds.

(c) Adopt a resolution approving the issuance of Tax-Exempt Revenue Bonds by CSCDA in a principal amount not to exceed \$120,000,000 to be used to finance the Project and to pay certain expenses incurred in connection with the issuance of the tax-exempt private activity bonds.

CEQA: Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment. Council District 7. (Housing/Finance)

Documents Filed: (1) Councilmember Maya Esparza's memorandum dated February 5, 2019 providing acceptance of staff's recommendation including additional direction to staff. (2) Joint memorandum from Director of Finance Julia H. Cooper and Director of Housing Jacky Morales-Ferrand, dated January 23, 2019, recommending adoption of a resolution.

4.1 (Cont'd.)

Public Comments: Offering support to the project were: Chris Burns, KDF Communities; Charmaine Romand representing and translating for seven members of the community from Comunidad Valley Palms; Andrew Boone, and Ray Perez (LRON).

Motion: Councilmember Maya Esparza moved acceptance of the recommendations, including her memorandum dated February 5, 2019. Councilmember Sylvia Arenas seconded the motion.

Action: On a call for the question, the motion carried unanimously, and Resolution No. 78972, entitled: "A Resolution of the Council of the City of San José Approving the Issuance by the California Statewide Communities Development Authority of Multifamily Housing Revenue Bonds for the Valley Palms Apartments", was adopted, including the memorandum from Councilmember Esparza, dated February 5, 2019, to:

I. Accept staff's recommendation relative to the TEFRA Hearing for California Statewide Communities Development Authority's Issuance of Tax-Exempt Multifamily Revenue Bonds to Acquire and Rehabilitate the Valley Palms Apartments., and;

2. Direct the City Manager to:

a. In line with the due diligence staff carried out in preparation of this item, continue to monitor the scope of work and fulfillment of the commitments made by the applicant in seeking the issuance of Tax-Exempt Multifamily Revenue Bonds

b. Work with KDF Valley Palms, L.P. and subsequently Valley Palms 2018 LP and seek implementation of the priorities that have been identified by the tenants:

- Establish and implement a security plan for the site
- Expand existing family resource center to provide more space for services to the residents
- transform existing tennis court into a turf soccer field

c. Provide a report back to Council in October of 2019.

(10-0-1. Absent: Jones.)

4.2 18-1861 **TEFRA Hearing for California Statewide Communities Development Authority's Issuance of Tax-Exempt Multifamily Revenue Bonds to Acquire and Rehabilitate the Parkside Terrace Apartments.**

(a) Allow under Section I. C. of the City Council policy 1-16, Policy for the Issuance of Multifamily Housing Revenue Bonds ("Policy"), the California Statewide Communities Development Authority to issue private-activity bonds for the acquisition and rehabilitation of the Parkside Terrace Apartments, a 201-apartment complex located at 463 Wooster Avenue in San José (the "Project").

(b) Hold a Tax Equity and Fiscal Responsibility Act ("TEFRA") public hearing for the issuance of up to \$85,000,000 in tax-exempt private-activity bonds by CSCDA to finance the Project.

(c) Adopt a resolution approving the issuance of Tax-Exempt Revenue Bonds by CSCDA in an aggregate principal amount not to exceed \$85,000,000 to be used to finance the Project and to pay certain expenses incurred in connection with the issuance of the tax-exempt private activity bonds.

4.2 (Cont'd.)

CEQA: Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment. Council District 3. (Housing/Finance)

Documents Filed: Joint memorandum from Director of Finance Julia H. Cooper and Director of Housing Jacky Morales-Ferrand, dated January 23, 2019, recommending adoption of a resolution.

Action: Upon motion by Councilmember Raul Peralez, seconded by Councilmember Dev Davis and carried unanimously, Resolution No. 78973, entitled: “A Resolution of the Council of the City of San José approving the Issuance of Tax-Exempt Bonds by the California Statewide Communities Development Authority for a Limited Partnership to be Established by Community Housing Works or an Affiliate thereof with Respect to a Multifamily Apartment Project”, was adopted. (11-0.)

4.3 18-1862 Rent Stabilization Program Implementation Update.

As recommended by the Neighborhood Services & Education Committee on November 8, 2018, accept the Rent Stabilization Program implementation report, including the Rent Stabilization Program 2017-2018 Annual Report.

CEQA: Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. (Housing)

[Neighborhood Services & Education Committee referral 11/8/18 - Item (d)3]

Documents Filed: (1) Joint memorandum from Mayor Sam Liccardo and Vice Mayor Chappie Jones, dated February 1, 2019, recommending acceptance of the update with additional direction to staff. (2) Memorandum from Director of Housing Jacky Morales-Ferrand, dated October 22, 2018, recommending acceptance of the report.

Councilmember Maya Esparza recused herself from discussion and action on this item due to a conflict of interest as a tenant in a rent-controlled apartment.

Offering a presentation on the Rent Stabilization Program Implementation, were Director of Housing Jacky Morales-Ferrand, Housing Policy & Program Administrator Rachel VanderVeen and Deputy City Attorney Christopher Alexander.

Public Comments: Offering comments and suggestions, were: Nuemi Guzman (Law Foundation); Tim Beaubien (SCCAOR); Mark Schmidt (PACE Funding Group); Andrew Boone; Salvador Bustamante and Delma Ivonne Hernandez Villasenor (LUNA); Sandy Perry (AHN/CHAM); Kathryn Hedges (PACT); Anil Babbar (CAA); Liz Gonzalez (Silicon Valley DeBug); Jeffrey Buchanan, Yolanda Chavez, Kevin Kettila, Paul Soto and Blair Beekman.

Motion: Councilmember Raul Peralez moved approval of the staffs' recommendations, excluding the joint memorandum from Mayor Sam Liccardo and Vice Mayor Chappie Jones. Councilmember Sergio Jimenez seconded the motion.

Mayor Sam Liccardo outlined his reasoning behind the memorandum he and the Vice Mayor provided.

4.3 (Cont'd.)

Substitute Motion: Councilmember Johnny Khamis moved approval of the joint memorandum from Mayor Sam Liccardo and Vice Mayor Chappie Jones. Councilmember Dev Davis seconded the motion.

Councilmember Sylvia Arenas offered a friendly amendment, recommending an exploratory study to define the nature of the problem, explaining her concerns regarding weakening the Ellis Act. Councilmember Johnny Khamis respectfully declined the friendly amendment.

Vice Mayor Chappie Jones offered a friendly amendment, changing item 'b' to include a detailed analysis within six months, identifying density threshold which could create a net positive of affordable housing. The friendly amendment was accepted.

Mayor Sam Liccardo additionally asked that staff provide an update at the March 2019 Council meeting, agendizing consideration of a change to the Ellis Act.

Action: On a call for the question, the motion carried, and the Rent Stabilization Program Implementation Update was accepted, including the joint memorandum from Mayor Sam Liccardo and Vice Mayor Chappie Jones, dated February 1, 2019, *with friendly amendments as noted*, to accept Rent Stabilization Program Implementation Update and Direct the City Manager to conduct additional analysis of the re-control provision in the Ellis Act Ordinance to determine the extent to which it makes new residential projects infeasible. (a) Consider whether other formulations—which still maintain a minimum 1-for-1 replacement of rent controlled or rent-restricted units—can improve feasibility of housing development. (b) Return to Council with the results of this analysis at the next update on the Housing Crisis Workplan and agendize an oral update *including detailed analysis within six months, identifying density threshold which could create a net positive of affordable housing*. Additionally, staff to provide an update at the March 2019 Council meeting, agendizing consideration of a change to the Ellis Act. (6-4-0-1. Noes: Arenas, Carrasco, Jimenez, Peralez. Abstain: Esparza.)

The council of the City of San José recessed at 6 p.m. and returned at 6:33 p.m. with all members of the Council present.

Actions Related to the Affordable Housing and Sustainable Communities Grant for the Balbach Street, Page Street, and Roosevelt Park Sites.

Adopt a resolution:

(a) Authorizing the City Manager or his designee to submit the following joint applications under Round 4 of the Affordable Housing and Sustainable Communities (“AHSC”) program to fund new affordable housing, infrastructure and programs that help reduce greenhouse gas emissions in San José, with:

(1) Satellite Affordable Housing Associates (“SAHA”) for the Balbach Street site (“Balbach Site”) to the California Strategic Growth Council (“SGC”) and/or California Department of Housing and Community Development (“HCD”) in an amount not to exceed \$20,000,000;

(2) Charities Housing Development Corporation of Santa Clara County (“Charities”) for the Page Street site located at 329-353 Page Street (“Page Site”) to SGC and/or HCD in an amount not to exceed \$11,000,000; and

(3) First Community Housing (“FCH”) for the Roosevelt Park site located at 21 North 21st Street (“Roosevelt Site”) to SGC and/or HCD in an amount not to exceed \$17,000,000.

(b) Authorizing the City Manager or his designee to enter into, execute, and deliver the following agreements:

State of California Standard Agreement (“Standard Agreement”) in a total amount not to exceed \$20,000,000 for the Balbach Site, and

all other documents required or deemed necessary or appropriate to secure the AHSC Program funds;

(b) (2) Standard Agreement in a total amount not to exceed \$11,000,000 for the Page Site, and all other documents required or deemed necessary or appropriate to secure the AHSC Program funds; and

(3) Standard Agreement in a total amount not to exceed \$17,000,000 for the Roosevelt Site, and all other documents required or deemed necessary or appropriate to secure the AHSC Program funds.

(c) Authorizing the City Manager or his designee to execute in the name of the City, the AHSC Program Application Packages and the AHSC Program Documents as required by HCD for participation in the AHSC Program.

(d) Authorizing the City Manager or his designee to negotiate and execute an agreement as co-applicants with SAHA for the Balbach Site, with Charities for the Page Site, and with FCH for the Roosevelt Site; to allocate responsibilities and liabilities between the City and SAHA, the City and Charities, and the City and FCH if the AHSC grants and loans are awarded to the City and SAHA, the City and Charities and the City and FCH.

(e) Authorizing the City Manager or his designee to execute an agreement with the Valley Transportation Authority as a non-applicant for the Balbach and Roosevelt Sites in order to operate enhanced transit services using electric buses and installing and maintaining transportation amenities.

4.4 (Cont'd.)

CEQA: Balbach Affordable Housing: Addendum to the Downtown Strategy 2040 Environmental Impact Report (Resolution No. 78942), Envision San José 2040 General Plan Final Program EIR (Resolution No. 76041), Envision San José 2040 General Plan Supplemental EIR (Resolution No. 77617), and Addenda thereto; and does not involve new significant impacts beyond those analyzed in the above EIRs, File No. SP18-024; Page Street Housing Project: Mitigated Negative Declaration for the Page Street Housing Project, File Nos. SP17-037 and AT18-012; Roosevelt Park Apartments Mixed Use Development: Mitigated Negative Declaration for the Roosevelt Park Apartments Mixed-Use Development, File No. SP17-027. Council District 3 & 6. (Housing/Transportation)

Note: Heard after Item 4.7 (18-1866)

Documents Filed: Memorandum from Director of Housing Jacky Morales-Ferrand and John Ristow, Deputy Director of Department of Transportation, dated January 23, 2019, recommending adoption of a resolution.

Action: Upon motion by Councilmember Pam Foley, seconded by Vice Mayor Chappie Jones and carried unanimously, Resolution No. 78974, entitled: “A Resolution of the Council of the City of San José (A) Authorizing (A) Authorizing the City Manager or His Designee to Submit a Joint Application to the California Strategic Growth Council and/or California Department of Housing and Community Development Under Round 4 of the Affordable Housing and Sustainable Communities Program to Fund New Affordable Housing, Infrastructure and Programs that Help Reduce Greenhouse Gas Emissions in San Jose with (1) Satellite Affordable Housing Associates for 226 Balbach Street in an Amount not to Exceed \$20,000,000; (2) Charities Housing Development Corporation of Santa Clara County for the Page Street Site Located at 329-353 Page Street in an Amount not to Exceed \$11,000,000; and (3) First Community Housing for Roosevelt Park Site Located at 21 North 21st Street in an Amount not to Exceed \$17,000,000; and Related Actions”, was adopted. (11-0.)

Items 4.5 through 4.7 were heard concurrently.

4.5 18-1864 **Actions Related to the Loan Commitment to Charities Housing Development Corporation of Santa Clara for Development of Page Street Apartments Located at 329-353 Page Street.**

(a) Adopt a resolution:

(1) Approving a total commitment of up to \$7,176,640 in Low and Moderate Income Housing Asset Funds for a Construction-Permanent Loan to Charities Housing Development Corporation of Santa Clara County, or an affiliated entity, for the Page Street Apartments, a new affordable development to be located at 329-353, in order to offer rent- and income-restricted apartments for 81 extremely low-income and very low-income households, and one unrestricted manager’s unit (“Project”); and

(2) Authorizing the Director of Housing to negotiate and execute loan documents, amendments, and all other documents related to City financing for the Project; and

(3) Approving a loan-to-value ratio of greater than 100% for this loan.

4.5 (Cont'd.)

(b) Adopt the following 2018-2019 Appropriation Ordinance Amendments in the Low and Moderate Income Housing Asset Fund:

(1) Decrease the Housing Project Reserve appropriation in the amount of \$7,176,640; and

(2) Increase the appropriation to the Housing Department for Housing Loans and Grants in the amount of \$7,176,640.

CEQA: Mitigated Negative Declaration for the Page Street Housing Project, File Nos. SP17-037 and AT18-012. Council District 6.
(Housing/City Manager)

Documents Filed: Joint memorandum from Director of Housing Jacky Morales-Ferrand and Budget Director Margaret McCahan, dated January 23, 2019, recommending adoption of a resolution and appropriation ordinance amendments.

Public Comments: Presenting comments to Council regarding affordable housing and rent stabilization were: Matthew Reed, Daniel Carpenter, Robert Stromberg (Destination: Home), Huascar Castro, Kevin Kettila, Geoffrey Morgan (First Community Housing), Kathy Robinson (Charities Housing) and Blair Beekman.

Director of Housing Jacky Morales-Ferrand, Division Manager, Planning Building and Code Enforcement, Rachel Roberts and John Ristow, Deputy Director of Department of Transportation provided a presentation.

Action: Upon motion by Councilmember Dev Davis, seconded by Councilmember Raul Peralez and carried unanimously, Resolution No. 78975, entitled: “A Resolution of the Council of the City of San José (1) Approving a Total Commitment of Up To \$7,176,640 in Low and Moderate Income Housing Asset Funds for a Construction-Permanent Loan to Charities Housing Development Corporation of Santa Clara County, or an Affiliated Entity, for the Page Street Apartments, a New Affordable Development to be Located at 329-353 Page Street, in Order to Offer Rent- and Income-Restricted Apartments for 81 Extremely Low Income and Very Low Income Households, and One Unrestricted Manager’s Unit; (2) Authorizing the Director of Housing to Negotiate and Execute Loan Documents and all Other Documents Related to City Financing for the Project; and (3) Approving a Loan-To-Value Ratio of Greater than 100% for this Loan”; and Ordinance No. 30217, Entitled “An Ordinance of the City Of San José Amending Ordinance No. 30124 to Appropriate Moneys in the Low and Moderate Income Housing Asset Fund for Housing Loans and Grants; and Providing that this Ordinance Shall Become Effective Immediately Upon Adoption”, was adopted. (11-0.)

4.6 18-1865 Actions Related to the Loan Commitment to First Community Housing for Development of Roosevelt Park Apartments Located at 21 North 21st Street.

(a) Adopt a resolution adopting the Mitigated Negative Declaration for the Roosevelt Park Apartments Mixed-Use Development (File No. SP17-027), for which an Initial Study was prepared, all in accordance with the California Environmental Quality Act (CEQA), as amended, and adopting a related Mitigation Monitoring and Reporting Program.

(b) Adopt a resolution:

(1) Approving a total commitment of up to \$9,415,000, with \$8,915,000 in Low and Moderate Income Housing Asset Funds and \$500,000 in Inclusionary Housing Policy funds; for a Construction-Permanent Loan to First Community Housing, or an affiliated development entity, and the capitalization of up to \$665,000 in

4.6 (Cont'd.)

construction period interest for the Roosevelt Park Apartments, a new affordable development to be located at 21 North 21st Street, in order to offer rent- and income-restricted apartments for 79 extremely low-income, very low-income, low-income, and moderate income households, and one unrestricted manager's unit ("Project");

(2) Authorizing the Director of Housing to negotiate and execute loan documents and all other documents related to City financing for the Project; and

(3) Approving a loan-to-value ratio of greater than 100% for this loan.

(c) Adopt the following 2018-2019 Appropriation Ordinance Amendment in the Low and Moderate Income Housing Asset Funds:

(1) Decrease the Housing Project Reserve appropriation in the amount of \$8,915,000; and

(2) Increase the Committed Projects Reserve in the amount of \$8,915,000.

(d) Adopt the following 2018-2019 Appropriation Ordinance Amendments in the Multi-Source Housing Fund:

(1) Decrease the Housing Project Reserve appropriation in the amount of \$500,000; and

(2) Establish a Committed Projects Reserve appropriation in the amount of \$500,000.

CEQA: Mitigated Negative Declaration for the Roosevelt Park Apartments Mixed-Use Development, File No. SP17-027. Council District 3. (Housing/City Manager)

Items 4.5 through 4.7 were heard concurrently.

Documents Filed: Joint memorandum from Director of Housing Jacky Morales-Ferrand and Budget Director Margaret McCahan, dated January 25, 2019, recommending adoption of a resolution and appropriation ordinance amendments.

Action: Upon motion by Councilmember Dev Davis, seconded by Councilmember Raul Peralez and carried unanimously, Resolution No. 78976, entitled: "A Resolution of the Council of the City of San José Adopting the Roosevelt Park Apartments Mixed-Use Development Project Mitigated Negative Declaration, for Which an Initial Study Was Prepared, all in Accordance with the California Environmental Quality Act, as Amended, and Adopting a Related Mitigation Monitoring and Reporting Program"; Resolution No. 78977, entitled: "A Resolution of the Council of the City of San José Authorizing (A) Approving a Total Commitment of Up to \$9,415,000, with \$8,915,000 in Low and Moderate Income Housing Asset Funds and \$500,000 in Inclusionary Housing Policy Funds, for a Construction-Permanent Loan to First Community Housing, or an Affiliated Development Entity, Including the Capitalization of Up to \$665,000 in Construction Period Interest for the Roosevelt Park Apartments, a New Affordable Development to be Located at 21 North 21st Street, in Order to Offer Rent-And Income-Restricted Apartments for 79 Extremely Low-Income, Very Low-Income, Low-Income, and Moderate-Income Households, and One Unrestricted Manager's Unit; (B) Authorizing the Director of Housing to Negotiate and Execute Loan Documents and All Other Documents Related to City Financing for the Project; and (C) Approving a Loan-To-Value Ratio of Greater than 100% for this Loan"; Ordinance No. 30218, entitled "An Ordinance of the City of San José Amending Ordinance No.

4.6 (Cont'd.)

30124 to Appropriate Moneys in the Low and Moderate Income Housing Asset Fund for the Committed Projects Reserve; and Providing that this Ordinance Shall Become Effective Immediately Upon Adoption”; and Ordinance No. 30219, entitled “An Ordinance of the City of San José Amending Ordinance No. 30124 To Appropriate Moneys in the Multi-Source Housing Fund For The Committed Projects Reserve; And Providing that this Ordinance Shall Become Effective Immediately Upon Adoption”, were adopted. (11-0.)

4.7 18-1866 **Actions Related to the Loan Commitment to Satellite Affordable Housing Associates for Development of an Affordable Apartment Community Located at 226 Balbach Street.**

(a) Adopt a resolution:

(1) Approving up to a total commitment of up to \$11,623,320 in Low and Moderate Income Housing Asset Funds for a Construction-Permanent Loan to Satellite Affordable Housing Associates, or an affiliated development entity, and capitalization of up to \$533,320 in construction period interest for the 226 Balbach Ave Apartments project. The property located at 226 Balbach Ave is a City-owned property, that is being developed to offer 86 affordable, rent restricted, apartments, and one unrestricted manager’s unit (“Project”);

(2) Authorizing the Director of Housing to negotiate and execute loan documents and all other documents related to City financing for the Project; and

(3) Approving a loan-to-value ratio of greater than 100% for this loan.

(b) Adopt the following 2018-2019 Appropriation Ordinance Amendments in the Low and Moderate Income Housing Asset Fund:

(1) Decrease the Housing Project Reserve appropriation in the amount of \$11,623,320; and

(2) Increase the Committed Project Reserve appropriation in the amount of \$11,623,320.

CEQA: Addendum to the Downtown Strategy 2040 Environmental Impact Report (EIR) (Resolution No. 78942), the Envision San José 2040 General Plan Final Program EIR (Resolution No. 76041), Envision San José 2040 General Plan Supplemental EIR (Resolution No. 77617), and Addenda thereto; and does not involve new significant impacts beyond those analyzed in the above EIRs, File No. SP18-024. Council District 3. (Housing/City Manager)

Items 4.5 through 4.7 were heard concurrently.

Documents Filed: Joint memorandum from Director of Housing Jacky Morales-Ferrand and Budget Director Margaret McCahan, dated January 25, 2019, recommending adoption of a resolution and appropriation ordinance amendments.

Action: Upon motion by Councilmember Dev Davis, seconded by Councilmember Raul Peralez and carried unanimously, Resolution No. 78978, entitled: “A Resolution of the Council of the City of San José (1) Approving Up to a Total Commitment of Up to \$11,623,320 in Low and Moderate Income Housing Asset Funds for a Construction-Permanent Loan to Satellite Affordable Housing Associates, or an Affiliated Development Entity, and Capitalization of Up to \$533,320 in Construction Period Interest

4.7 (Cont'd.)

for the 226 Balbach Apartments Project, a City-Owned Property Located at 226 Balbach Street, that is Being Developed to Offer 86 Affordable, Rent-Restricted Apartments, and One Unrestricted Manager's Unit; (2) Authorizing the Director of Housing to Negotiate and Execute Loan Documents and all Other Documents Related to City Financing for the Project; and (3) Approving a Loan-To-Value Ratio of Greater than 100% for this Loan"; and Ordinance No. 30220, entitled "An Ordinance of the City of San José Amending Ordinance No. 30124 to Appropriate Moneys in the Low and Moderate Income Housing Asset Fund for the Committed Projects Reserve; and Providing that this Ordinance Shall Become Effective Immediately Upon Adoption", were adopted. (11-0.)

TRANSPORTATION & AVIATION SERVICES

6.1 18-1867 San José Diridon Integrated Station Concept Plan.

Accept the report on progress to date on the Diridon Integrated Station Concept Plan.

CEQA: Not a Project, File No. PP17-001, Feasibility and Planning Studies with no commitment to future actions, and File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. Council Districts 3 & 6. (Transportation)

Documents Filed: (1) Memorandum from Mayor Sam Liccardo, dated February 4, 2019, offering recommendations for a future study session or update. (2) Joint memorandum from Mayor Sam Liccardo and Councilmembers Sergio Jimenez, Raul Peralez, Dev Davis and Maya Esparza, dated February 1, 2019, providing acceptance of the report with additional direction to staff. (3) Memorandum from John Ristow, Deputy Director of Department of Transportation, dated January 24, 2019, recommending acceptance of the report.

John Ristow, Deputy Director of Department of Transportation and Deputy City Manager Jim Ortbal provided an introduction and responded to questions.

Public Comments: Jim Goddard, representing the SAP Center/Sharks, expressed his concerns that the parking demand could adversely affect the Sharks. Roland Lebrun offered recommendations, and Jeffrey Buchanan (WP USA) and Blair Beekman expressed support.

Motion: Councilmember Dev Davis moved approval of San José Diridon Integrated Station Concept Plan, including both memoranda presented by the Mayor. Councilmember Maya Esparza seconded the motion.

Councilmember Sylvia Arenas requested friendly amendment, clarifying Mayor Sam Liccardo's February 4, 2019 memorandum, item #2, that this action not undermine the VTA funding strategies for the Eastridge to BART regional connector light rail. The friendly amendment was accepted.

Action: On a call for the question, the motion was accepted, including the joint memorandum from Mayor Sam Liccardo, Councilmembers Sergio Jimenez, Raul Peralez, Dev Davis and Maya Esparza, dated February 1, 2019, to (1) Accept the report on the progress of the San Jose Diridon Integrated Station Concept Plan (DISC); (2) Direct staff to explore an inter-agency effort to comprehensively design a safe and efficient rail network through San Jose expanding on the partnership that has

6.1 (Cont'd.)

been formed through the DISC planning process. This effort should prioritize the issues identified and discussed in bold in the Background portion of this memo. Memo.

(3) Set a City Council study session in April to allow for a thorough discussion of the DISC plan, High-Speed Rail throughout San Jose, the Caltrain Business Plan, and BART.

Also including Mayor Sam Liccardo's memorandum dated February 4, 2019:

"As part of a future study session on rail planning in San Jose, or a separate update to Council: (1) Present for discussion various technology and alignment options for connecting the San José International Airport to Diridon Station. The same discussion may or may not include other potential corridors to Diridon Station, depending on staff's readiness; (2) Assess the extent to which VT A can use 2000 Measure A funds, or other fund sources, to fund study, conceptual design, or preliminary design of transit connectors to the Airport, along San Carlos-Stevens Creek, or Monterey Road along San Carlos-Stevens Creek, or Monterey Road" *and make sure recommendation 2 doesn't affect VTA Funding.*

(11-0.)

OPEN FORUM

1. Urging the City's support of Property Assessed Clean Energy (PACE) Program and asking that it be allowed to do business in San José, were: Sanjay Nichani, Rachel Hobbs, Natasha Casey and Diane Chervenka.
2. Roland LeBrun referenced the Exceltech Report, particularly underground station costs.
3. Blair Beekman expressed concerns regarding the Google project.

ADJOURNMENT

The Council Meeting of the City of San José was adjourned at 8:21 p.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

draft

Toni J. Taber, CMC
City Clerk

rmk/2-5-2019 MIN