



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Nanci Klein
Matt Loesch
Jim Shannon

SUBJECT: SEE BELOW

DATE: October 28, 2024

Approved

Date:

10/31/2024

COUNCIL DISTRICT: 7

SUBJECT: Memorandum of Agreement with County of Santa Clara and San Jose Earthquakes for Public Soccer Fields at the San Jose Earthquakes Sports Complex at the County of Santa Clara Fairgrounds

REASON FOR ADDENDUM

This memorandum has been added to the agenda of the November 5, 2024, City Council meeting to align City Council's consideration of the recommended Memorandum of Agreement with the County of Santa Clara's Board of Supervisors consideration of the same Memorandum of Agreement on November 5, 2024.

RECOMMENDATION

- (a) Adopt a resolution authorizing the City Manager, or her designee, to negotiate and execute a Memorandum of Agreement and related documents with the County of Santa Clara and the San Jose Earthquakes for the City to contribute a total of \$6,000,000, subject to the appropriation of funds, for the development of public soccer fields at the County of Santa Clara Fairgrounds.
- (b) Consistent with City Council's approval of Manager's Budget Addendum #20, San Jose Earthquakes Sports Complex, that was incorporated into the Mayor's June Budget Message for Fiscal Year 2024-2025, prioritize the allocation of one-time funding of \$6,000,000 during a future budget process, with \$1,000,000 anticipated to be made available by July 1, 2025.

SUMMARY AND OUTCOME

This City Council action will authorize the City to negotiate and execute a memorandum of agreement with the County of Santa Clara (County) and the San José Earthquakes for the City's contribution of a total of \$6,000,000 to the construction of public soccer fields at the County of Santa Clara fairgrounds. This payment will fund the construction of four public fields within the larger San José Earthquakes Sports Complex project. The City's contribution will be made over two payments. The first payment of \$1,000,000 is to be paid upon the project's commencement of vertical construction, and the balance is to be paid upon the project's completion.

In total, the sports and training complex will include eight soccer fields and a 35,000-square-foot practice and training facility. Four of the eight fields will be available for public use, accompanied by concession amenities and bathrooms. The other four fields and the 35,000-square-foot training facility will be reserved for the San Jose Earthquake's private use. However, the San Jose Earthquakes will make six total fields available during tournament play.

Each year, the San Jose Earthquakes will allocate 250 hours of free public field use to underserved community groups, adjacent neighborhood use, and other public uses. The fields will be included in the City of San José's public field website with a link to the San José Earthquakes' website, where the community will be able to reserve fields throughout the year.

The San Jose Earthquakes, with County and City input, will maintain and operate the public fields, develop a system for publishing field rental rates and communicating reservations, and establish equitable reservation opportunities.

BACKGROUND

Pursuant to an exclusive negotiating agreement executed in April 2022, the County and the San Jose Earthquakes negotiated an arrangement for the San Jose Earthquakes to lease a portion of the County's fairgrounds property near Umbarger and Monterey Roads to construct the San José Earthquakes Sports Complex. The project encompasses 26 acres that includes 12 acres of public soccer fields and 14 acres for the San Jose Earthquakes' use, including a 35,000-square-foot practice and training facility. In all, the project would include eight total fields.

The Mayor's March Budget Message for Fiscal Year 2024-2025, as approved by the City Council, directed the Administration to bring forward a Manager's Budget Addendum analyzing how the City might best support the development of the San José Earthquakes Sports Complex in a way that maximizes benefits for the community. Subsequently, City Council's approval of Manager's Budget Addendum #20, *San Jose*

*Earthquakes Sports Complex*¹, directed the City Manager to continue negotiations with the County and the San Jose Earthquakes, and to identify one-time funding of up to \$6,000,000 for the development of the San José Earthquakes Sports Complex in a manner that minimizes additional costs to the City for the ongoing operations and future replacement of the facility, while also providing community access to the new facility, and return to the City Council once negotiations are finalized and a funding strategy has been identified.

ANALYSIS

Based on negotiations between the County and San Jose Earthquakes, the parties are seeking a contribution from the City of \$6,000,000 for the project, or approximately one-third of the cost to construct the public portion of the project. In return, the City seeks equitable access in the form of free use for league play from underserved communities and establishing open free play hours for each public field that make it available to the community. This free-use access would be in addition to other fee-based league play open to various community groups.

Key terms of the Memorandum of Agreement are as follows:

Public Field Project:	Four public fields on 12 acres, provided by the County to the San Jose Earthquakes. Project to include 108 public parking stalls and associated amenities such as a concession stand and bathrooms.
City Contribution:	\$6,000,000 calculated to be one-third of the estimated cost to construct the public field project. The first payment of \$1,000,000, will be made upon the project commencing vertical construction, and after all parties waive any contingent rights to elect not to proceed. The second payment of \$5,000,000, will be made upon the project's completion. No other financial or any other contribution will be required of the City for the public field project.

¹ Manager's Budget Addendum #20:

<https://www.sanjoseca.gov/home/showpublisheddocument/112390/638526037095100000>

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Public Field Operation and Maintenance: Pursuant to a separate management agreement between the County and San Jose Earthquakes, the San Jose Earthquakes will be responsible for the operation and maintenance of the public fields, including any operating shortfalls. The San Jose Earthquakes will retain all revenues from field rentals for the first 25 years of the project and will charge a capital improvement fee in an amount estimated to cover necessary repairs, including the replacement of the turf approximately every ten years.

Public Field Use: The public fields will be offered to the community at rates consistent with rates for premier synthetic turf public fields in the County. However, the combined rate, inclusive of the capital improvement fee and the hourly rental rate, shall not exceed the rates charged for public or private fields in the County. The public fields will be placed on the City's public field website with a link to the San Jose Earthquakes' website, where the community will be able to reserve fields.

Free Public Use: 250 hours of free public field use shall be allocated to underserved communities each year. The San Jose Earthquakes shall allocate these hours to underserved community groups, adjacent neighborhood use, and other public uses at the joint direction of the County and City.

Umbarger Road: County and City shall collaboratively engage PG&E in an effort to secure PG&E's written agreement for the County's transfer of \$13,700,000 of County's PG&E Rule 20A credits to the City and for PG&E to pay such amount to the City to lead engineering work on the undergrounding of overhead utilities along Umbarger Road², from Monterey Road to almost Senter Road. Other than the contribution of the Rule 20A credits, the County and City shall not be

² Umbarger Road Underground District Resolution:

<https://sanjoseca.primgov.com/api/compilemeetingattachmenthistory/historyattachment/?historyId=ee8e687a-4c92-4963-83e8-99c485790132>

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responsible for the cost of any off-site improvements.

The County and City will enter into an agreement to irrevocably offer to dedicate the required portion of County property (currently estimated to be 26 feet) as a right of way to the City for future Umbarger Road improvements upon completion of design work for PG&E's Rule 20A project.

The project site will remain within the County's jurisdiction and the County will be the lead agency for environmental review and approval for the project. Umbarger Road, a City street adjacent to the project site, is unimproved, has overhead electric transmission and distribution lines, and is not served by curb, gutter, or sidewalks. As the project will intensify an unincorporated pocket of County land along Umbarger Road, the project will need to account for the impact of the intensification on City infrastructure and services, including City sewer and storm systems, roadways, police, and fire. Any connection to City services, i.e., water, sewer, stormwater, and other City facilities and services, must be evaluated once further design and additional information are available. The San Jose Earthquake's consultant will prepare a traffic study. The City will review the traffic study and provide input to address any impacts to City streets and public infrastructure.

EVALUATION AND FOLLOW-UP

If the City Council approves the recommendations in this memorandum, City staff will complete an agreement with the County and San Jose Earthquakes consistent with terms and conditions herein for the City Manager, or her designee's, signature for the City's contribution of \$6,000,000 to the public fields project, subject to the appropriation of funds. The identification of \$6,000,000 will need to be prioritized during a future budget process, with \$1,000,000 anticipated to be made available by July 1, 2025. The City and the County will execute an irrevocable offer to dedicate to the City an additional 26 feet of right of way on the north side of Umbarger Road.

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COST SUMMARY/IMPLICATIONS

In a future budget process, it will be necessary to prioritize the allocation of one-time funding of \$6,000,000. The payment schedule minimizes upfront costs to the City by aligning payments to project delivery milestones, with an initial payment of \$1,000,000 upon the project's commencement of vertical construction anticipated to be made available by July 1, 2025. The second payment of \$5,000,000 would be provided at the project's conclusion. This extended payment schedule would allow the City to identify sufficient funding levels over a two-and-a-half to three-year period. While the Administration will explore all available funding sources, many of the City's various Capital and Special Fund sources are oversubscribed and are restricted in their use; the General Fund may need to be a primary source of funding, especially for the initial payment of \$1,000,000.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the Parks, Recreation, and Neighborhood Services Department.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the November 5, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Statutorily Exempt, File No. PP17-001, CEQA Guidelines Section 15262, feasibility and planning studies with no commitment to future actions.

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PUBLIC SUBSIDY REPORTING

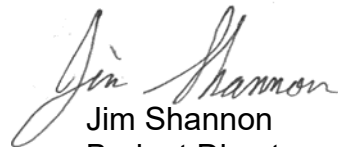
This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

Nanci Klein
Director of Economic
Development and Cultural Affairs

/s/

Matt Loesch
Public Works Director



Jim Shannon
Budget Director

For questions, please contact Kevin Ice, Assistant to the City Manager, Senior Real Estate Manager, Office of Economic Development and Cultural Affairs, at kevin.ice@sanjoseca.gov.