



# Memorandum

**TO:** CITY COUNCIL

**FROM:** Mayor Liccardo  
Councilmember Carrasco  
Councilmember Davis

**SUBJECT:** Construction Crane Fee

**DATE:** September 25, 2021

Approved:

Date: 9/25/21

## RECOMMENDATION

Approve airport staff's recommendation with the following addition:

1. Exempt pipeline projects that have already applied for building permits and begin construction within 6 months of permit issuance.

## BACKGROUND

The City of San José has a challenging distinction as one of North America's largest cities with a bustling airport immediately adjacent to its growing downtown core. The San José International Airport is key to the success of Silicon Valley's innovation economy. At the same time, Downtown San José is a growing hub of commercial and residential construction activity with many new high-rise buildings poised to break ground. Balancing the need for a strong downtown core with the vital importance of an international airport presents challenging trade offs for both.

We appreciate the data-driven work done by airport staff to guide the development of a comprehensive Construction Crane Fee Program that ameliorates many of the concerns raised by both the airline and development industries. The staff recommendation provides a reasonable structure to meet the City's primary policy objective by rewarding developers who minimize the time that cranes are at the maximum height.

However, it is essential to recognize the small handful of projects (approximately 4) that are already in the building permit process. These projects have secured the most expensive type of financing to begin construction—and are dependent on a stable, "locked in" pro forma in order to commence with vertical construction. Our recommendation is in line with many other fee-based policies recently adopted by this City Council that allow for approved and permitted projects to begin construction in a timely manner.