



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Nanci Klein

**SUBJECT:** SEE BELOW

**DATE:** February 25, 2022

Approved

Date

02/25/22

## SUPPLEMENTAL

**SUBJECT: ALLOCATION OF COMMUNITY BENEFIT PAYMENT FROM  
GOOGLE**

### REASON FOR SUPPLEMENTAL

To provide new information on the Community Stabilization and Opportunity Pathways Fund, which is part of Downtown West's community benefit commitments.

### BACKGROUND

Item 8.1 of the March 1, 2022 City Council meeting is consideration of staff's recommended funding allocation of a \$4.5 million community benefit payment by Google. The early payment is part of the \$200 million in community benefits outlined in the Downtown West Development Agreement, approved by City Council in May 2021.

In the staff memorandum, staff proposes to use \$250,000 of the early payment to set up the Community Stabilization and Opportunity Pathways Fund ("Fund"). According to the Development Agreement, Google will contribute to the Fund when the City issues a Temporary Certificate of Occupancy for each office building, at a rate of \$21.20 per gross square foot of office. This could generate up to \$154,760,000, if the commercial office capacity of 7.3 million gross square feet is built out. The Funds will be distributed as grants to community stabilization (anti-displacement) and opportunity pathways (job training, education) programs.

The staff memorandum outlines the steps to establish the Community Advisory Committee that will guide Fund decisions. Staff intends to complete the selection process for the Community Advisory Committee by the end of 2022. The target for selecting and onboarding a third-party Fund Manager is end of 2023, and the target for completing the initial 5-year Strategic Plan is end of 2024. These steps and receipt of the first Fund contribution from Google (completion of the first office building) must occur prior to distributing grants under the Fund.

## **NEW INFORMATION**

Google has agreed to make the first payment to the Fund earlier than specified in the Development Agreement.

Specifically, Google has agreed to make a \$15 million payment to the Fund within 120 days of commencement of office construction under the first Vertical Improvement superstructure permit.<sup>1</sup> The payment will be credited against Google's obligations in the Development Agreement set forth in Section 4.1.2(a), Exhibit C1, and Exhibit H regarding the Fund, and will be allocated in the manner set forth in Exhibit H. The payment will first be applied to the Fund obligation owed for the first office Building, with any remaining payment amount to be applied to the Fund obligation owed for the second office Building, and so on. Any remaining Fund obligation owed will be made in accordance with the timing requirements set forth in Exhibits C1 and H of the Development Agreement.

The effect of this offer is that the Fund will receive \$15 million at the start of construction of the first office building, rather than receiving the first Fund contribution after construction of the first office building is complete. This timing will align better with staff's estimated timeline for completing the steps necessary to distribute grants, reducing the potential gap between completing the Strategic Plan and receiving the first Fund contribution. Most importantly, it means earlier investment in community stabilization and opportunity pathways programs.

/s/

Nanci Klein

Director of Economic Development  
and Cultural Affairs

For questions, please contact Lori Severino at (408) 535-3537 or [lori.severino@sanjoseca.gov](mailto:lori.severino@sanjoseca.gov).

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<sup>1</sup> As defined in the Development Agreement, "Vertical Improvement" means a building or other improvement to be developed under this Agreement that is not parks and open space or infrastructure, or any portion thereof that is considered a Horizontal Improvement.