



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember
Raul Peralez

SUBJECT: SEE BELOW

DATE: October 2, 2017

Approved

Date

10/2/17

SUBJECT: ACTIONS RELATED TO DOWNTOWN HIGH-RISE INCENTIVE
APPROVALS

RECOMMENDATION

Approve staff recommendations for Downtown High Rise Incentives for North San Pedro Tower III (*Item 4.1*), Park View Towers (*Item 4.2*), SJSC Towers (*Item 4.3*) and the Graduate (*Item 4.4*) and with the following additional direction:

1. Direct City Staff to report back no later than July 2018 with a status update on whether all approved developments met the following Downtown High Rise Incentive program requirements:
 - a. For the duration of the project the contractor must:
 - i. Retain contractors licensed by the State of California and City of San José for the construction of the project and ensure they:
 1. Have workers compensation insurance,
 2. Provide safety training to the workers as required by law, and,
 3. Pay all Federal, State and Local taxes.
 - ii. Employ only construction workers who possess necessary licenses and certifications required by the State of California.
 - iii. Post bids on websites such as The Bay Area Builders Exchange for sub-contractors to readily access work to bid on for local workers in the 9 Bay Area Counties, including Santa Cruz, Monterey, and San Benito Counties.
 - b. Made good faith efforts to
 - i. Comply with the State of California's apprenticeship program requirement that at least 16.7% of the hours worked by their

- respective construction workforces on the project must be worked by registered apprentices from approved apprenticeship training programs with proper payment of wages and fringe benefits as required by law, and,
- ii. Ensure that 25% of those registered apprentices are identified as having an employment barrier such as homeless, veterans, or at-risk youth.
2. Direct City Staff to develop a High Rise Building Best Practices Toolkit and require proof of receipt from the developer that they received the toolkit.
 3. Request from the respective developers a commitment to not retain the services of any contractor or sub-contractors that have a history of wage theft violations in the past five years, and will provide an affidavit to that effect to the City of San José prior to the start of construction.

BACKGROUND

If approved, four prospective Downtown High Rise developments will be receiving \$18,911,210 worth of park in-lieu fees and construction tax suspensions. While I share in the excitement of these four transformative developments, I am cognizant in my role as the Downtown council representative to ensure the requirements outlined in the Downtown High Rise Incentive program are met. According to the staff memo, staff will “...monitor project construction to ensure requirements of the Downtown High-Rise Residential Incentive Program are completed...”. While the incentive program can and should go through our city process, our offices would like to work alongside our Office of Equality Assurance to ensure that these projects are in compliance with our incentive program and meeting the good faith requirements.

While the incentive program was designed to stimulate construction commencement, I am determined to ensure that what follows are high quality developments. On September 19, a council discussion revolving a city audit of Residential High-Rise standards¹ indicated an interest in promoting the city’s perspectives on building and construction best practices. While I recognize that our building department’s job is to regulate at minimum the building code, we as a city should support a higher expectation for the quality of our high rise buildings. Some examples include insulated windows that provide indoor peace, internal systems such as fire prevention and plumbing with little to no technical issues. As our downtown continues to grow at a rapid pace, new developments should be built at a high quality with a quality workforce to ensure San José is a great place to live and work. A toolkit that outlines those best practices would be

¹ Audit of Residential High-Rises: Considerations for a City with a Growing Number of Tall Buildings. <https://sanjose.legistar.com/View.ashx?M=F&ID=5423311&GUID=176ACD94-F8ED-44F4-A8FA-E6137B714A45>

a good resource to the public on industry recommendations for quality and minimize the need to mitigate problems at the tail end of an inspection process.

Finally, we encourage that the developers commit their projects to local labor and talent. While the city is exploring the idea of Community Workforce Agreements and Project Labor Agreements for public projects and a potential local hiring ordinance for private projects, a developer does not need to wait for a city policy or ordinance to take action. In fact, developers can work with our local labor organizations to establish labor peace, similar to what was recently accomplished with the Museum Place project. We believe that investment into our downtown should not only be for our economy but for our people as well.