

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE CITY MANAGER TO (1) NEGOTIATE AND EXECUTE A PURCHASE AND SALE AGREEMENT, AND ALL OTHER DOCUMENTS NECESSARY TO EFFECTUATE THE PROPERTY TRANSFER BETWEEN THE CITY OF SAN JOSE AND THE VALLEY TRANSPORTATION AUTHORITY, FOR THE SALE OF THE PROPERTIES KNOWN AS 575-579 EAST SANTA CLARA STREET, IN THE AMOUNT OF \$2,500,000; (2) DECLARE THE 575-579 EAST SANTA CLARA PROPERTY AS “EXEMPT SURPLUS LAND” TO THE NEEDS OF THE CITY; (3) NEGOTIATE AND EXECUTE A COOPERATION AND REIMBURSEMENT AGREEMENT WITH THE VALLEY TRANSPORTATION AUTHORITY TO OFFSET ADDITIONAL ENVIRONMENTAL REMEDIATION, MITIGATION, AND CONSTRUCTION COSTS FOR THE CITY’S USE OF THE OPTION PROPERTY, IN THE AMOUNT OF \$300,000; AND (4) EXERCISE THE OPTION TO PURCHASE AGREEMENT BETWEEN THE CITY OF SAN JOSE AND THE SANTA CLARA COUNTY HOUSING AUTHORITY DATED AUGUST 24, 2020, FOR THE PURCHASE OF THE PROPERTY LOCATED AT 601 EAST SANTA CLARA STREET, IN THE AMOUNT OF \$2,194,200

WHEREAS, on November 6, 2018, City of San José (“City”) voters passed Measure T—The Disaster Preparedness, Public Safety and Infrastructure Bond which authorized the City to issue up to \$650 million in general obligation bonds to fund public safety, emergency and disaster responses, infrastructure, and roads; and

WHEREAS, on November 27, 2018, City Council unanimously approved a report titled *General Obligation Bond (Measure T-The Disaster Preparedness, Public Safety and Infrastructure Bond) Item 8.43*, which included Mayor Liccardo’s recommendation to expedite the construction of Fire Station 37, add at least two new fire stations, and rebuild/relocate two fire stations, including Fire Station 8; and

WHEREAS, relocating Fire Station 8 is the second highest priority for Measure T's fire station program objectives; and

WHEREAS, Fire Station 8 is currently located at the intersection of South 17th Street and East Santa Clara Street, and sits at the edge of a riparian embankment adjacent to Coyote Creek, and the station must be relocated due to the risk of erosion compromising the structural integrity of the structure; and

WHEREAS, on June 30, 2020, the Council approved the acquisition of property located at 575-579 East Santa Clara Street ("575 E. Santa Clara") from the Santa Clara County Housing Authority ("Housing Authority") for \$2,350,000, which was based on an original contract price of \$2,500,000 subject to a \$150,000 discount for environmental conditions; and

WHEREAS, at the time that the City purchased the 575 E. Santa Clara property, the Valley Transportation Authority ("VTA") was also considering acquiring the property to construct Bay Area Rapid Transit ("BART") infrastructure, but the VTA was not actively pursuing a deal with the Housing Authority, however, the City and the Housing Authority agreed to a purchase option on the Housing Authority's site across the street at 601 East Santa Clara Street ("Option Property"); and

WHEREAS, both 575 E. Santa Clara and the Option Property are suitable relocation sites for Fire Station 8; the BART project, however, must locate a venting shaft and emergency access at 575 E. Santa Clara which would negatively affect the use of the property as a potential fire station; and

WHEREAS, the City will execute the option to purchase the Option Property for \$2,194,200 concurrently with the sale of 575 E. Santa Clara to the VTA, and as a condition of the sale to the VTA, the City will negotiate and execute a cooperation and

reimbursement agreement for the VTA to pay \$300,000 to offset additional costs of development on the Option Property; and

WHEREAS, the City's sale of 575 E. Santa Clara to the VTA for \$2,500,000, subject to the City's retention of an easement retaining four parking spaces for future City use, will allow the VTA to construct necessary BART infrastructure, including a ventilation and access shaft; \$150,000 of the proceeds of the sale will be paid to the Housing Authority to satisfy a reimbursement obligation; and the Option Property will be purchased out of the balance of the proceeds; and

WHEREAS, after all actions are complete, the City will receive the Option Property, an easement for four parking spaces on 575 E. Santa Clara, and \$455,800 to offset any future City development on the Option Property, and project planning for a potential fire station would commence upon the City's ownership of the Option Property; and

WHEREAS, the City desires to authorize the City Manager to negotiate and execute a Purchase and Sale Agreement to effectuate the property transfer between the City and the VTA, declare the 575 E. Santa Clara property (APNs 467-16-091 and 467-16-092) as "exempt surplus land" to the needs of the City pursuant to Cal. Gov. Code §54221(f)(1)(D), San José Municipal Code 4.20.080 and in accordance with Council Policy 7-13(D)(3), negotiate and execute a Cooperation and Reimbursement Agreement between the City of San José and the VTA to offset additional environmental remediation, mitigation, and construction costs for the City's use of the Option Property, and to exercise the Option to Purchase Agreement between the City and the Santa Clara County Housing Authority;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

The City Manager is hereby authorized to:

1. Negotiate and execute a Purchase and Sale Agreement, and all other documents necessary to effectuate the property transfer between the City of San José and the Valley Transportation Authority for the sale of the properties known as 575-579 East Santa Clara Street, identified as Assessor's Parcel Numbers 467-16-091 and 467-16-092, in the amount of \$2,500,000; and
2. Declare the 575-579 East Santa Clara property (APNs 467-16-091 and 467-16-092) as "exempt surplus land" to the needs of the City pursuant to Cal. Gov. Code §54221(f)(1)(D), San José Municipal Code Section 4.20.080 and in accordance with Council Policy 7-13(D)(3); and
3. Negotiate and execute a Cooperation and Reimbursement Agreement between the City of San José and the Valley Transportation Authority to offset additional environmental remediation, mitigation, and construction costs for the City's use of the Option Property, in the amount of \$300,000; and
4. Exercise the Option to Purchase Agreement between the City of San José and the Santa Clara County Housing Authority dated August 24, 2020 for the purchase of the property located at 601 East Santa Clara Street, identified as Assessor's Parcel Number 467-15-010, in the amount of \$2,194,200.

ADOPTED this _____ day of _____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk