RESOLUTION NO. ______________

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE CITY MANAGER, OR HER DESIGNEE, TO: (A) SELECT PROLOGIS INC. AS THE PREFERRED DEVELOPER PURSUANT TO THE REQUEST FOR QUALIFICATIONS OFFERED, FOR THE 159 ACRES OF ECONOMIC DEVELOPMENT LAND BELONGING TO THE SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY, AND SELECT A JOINT VENTURE BETWEEN CATELLUS DEVELOPMENT CORPORATION AND DECA COMPANIES AS THE BACKUP DEVELOPER FOR THESE LANDS; (B) NEGOTIATE AND EXECUTE AN EXCLUSIVE NEGOTIATION AGREEMENT WITH THE PREFERRED DEVELOPER FOR A TERM OF TWO YEARS WITH THREE ONE-YEAR OPTION TERMS AT THE CITY OF SAN JOSE'S DISCRETION; AND (C) NEGOTIATE AND EXECUTE AN EXCLUSIVE NEGOTIATION AGREEMENT WITH THE BACKUP DEVELOPER, FOR A TERM OF TWO YEARS WITH THREE ONE-YEAR OPTION TERMS AT THE CITY OF SAN JOSE'S DISCRETION, SHOULD NEGOTIATIONS WITH THE SELECTED DEVELOPER FAIL TO PROVIDE AN AGREEMENT WITH THE TERMS AND CONDITIONS SOUGHT BY THE CITY OF SAN JOSE FOR THIS PROJECT

WHEREAS, the San José-Santa Clara Regional Wastewater Facility ("RWF") consists of approximately 2,680 acres and is co-owned by the cities of San José and Santa Clara and operated by the City of San José; and

WHEREAS, the RWF purchased a variety of properties to function as buffer lands to prevent incompatible uses from developing adjacent to the plant's operational area, including approximately 159 acres of buffer lands located on Zanker Road, adjacent to Highway 237 ("Property") which was designated in the Plant Master Plan ("PMP") for economic development; and

WHEREAS, in 2013, both the San José and Santa Clara City Councils adopted the PMP and certified the PMP environmental impact report; and

WHEREAS, the PMP's land use plan provides a comprehensive framework for the long-term development of RWF lands, consistent with plant operations, and the economic development designation in the PMP for the Property specified a combination of approved uses such as light industrial, office/research and development, retail commercial, and/or combined industrial/commercial; and

WHEREAS, in 2000, a Declaration of Covenants, Conditions, and Restrictions was recorded against the Property's title that prohibits odor sensitive development such as residential, hotels or motels, schools, freestanding day care facilities, hospitals, convalescent or nursing care facilities, churches, or outdoor amphitheaters; and

WHEREAS, City staff consulted with the State Department of Housing and Community Development and received a notice of exemption determination establishing that the potential development of the Property is exempt from the Surplus Lands Act, due to the recorded use constraints and the RWF's Agency Use requirement to prohibit incompatible uses adjacent to the Property; and

WHEREAS, in July 2025, the City entered into an agreement with the Pacific Gas and Electric Company ("PG&E") to secure a commitment on speed and certainty of power for large energy users, and, as part of the agreement, PG&E committed to provide a total of 250 MW of capacity via a dual feed connection from the Los Esteros 230 kV substation in North San José within 30 to 36 months of receiving a written agreement from the City or assigned developer to proceed with the project; PG&E indicated that while no future power commitments have been made, they are willing to study projected load growth and collaborate with the developer to address future power needs; and

WHEREAS, in early 2024, City staff issued a Request for Qualifications (“RFQ”) to identify a development consultant to assist the City in identifying a developer for the Property, and entered into a consultant agreement with Keyser Marston Associates, Inc. to develop the requirements, objectives, and selection process to inform a solicitation document for a master developer, notify the development community of the solicitation, assist the City in reviewing and evaluating responses submitted, and assist the City in negotiations with the selected developer; and

WHEREAS, on May 12, 2025, the City released an RFQ seeking a developer for the Property, and the RFQ responses were reviewed and ranked by a panel of five people representing the City of San José as majority owner and administering agency, and the City of Santa Clara as minority owner; and

WHEREAS, since power availability is such a significant and unique component of the property, a representative from PG&E participated as a non-scoring panel member during oral presentations; and

WHEREAS, three responses were submitted by TC. No. Cal. Development, Inc., a subsidiary of the Trammell Crow Company, a joint venture between Catellus Development Corporation and Deca Companies (“Catellus-Deca”), and Prologis Inc. (“Prologis”); and

WHEREAS, Catellus-Deca and Prologis were selected to proceed to oral presentations; and

WHEREAS, based on the review panel recommendations, the City, as the administering agency of the RWF, desires to award an exclusive negotiation agreement (“ENA”) to Prologis for two years, with three one-year option terms at the City’s discretion, for the development of the RWF’s 159 acres of economic development buffer lands, and, if the City and Prologis are unable to successfully negotiate the terms of the ENA, then the City will proceed with negotiating the terms of an ENA with Catellus-Deca;

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

The City Manager, or her designee, is hereby authorized to:

A. Select Prologis Inc. as the preferred developer pursuant to the Request for Qualifications offered, for the 159 acres of economic development land belonging to the San José-Santa Clara Regional Wastewater Facility, and select a joint venture between Catellus Development Corporation and Deca Companies as the backup developer for these lands;

B. Negotiate and execute an Exclusive Negotiation Agreement with the preferred developer for a term of two years with three one-year option terms at the City of San José's discretion; and

C. Negotiate and execute an Exclusive Negotiation Agreement with the backup developer, for a term of two years with three one-year option terms at the City of San José's discretion, should negotiations with the selected developer fail to provide an agreement with the terms and conditions sought by the City of San José for this project.

ADOPTED this _____ day of ___________, 2025, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

____
MATT MAHAN
Mayor

ATTEST:

____
TONI J. TABER, MMC
City Clerk