

COUNCIL AGENDA: 05-06-08

ITEM: 4.5

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
Jennifer A Maguire

SUBJECT: SEE BELOW

DATE: 04-14-08

Approved

Date

4/18/08

COUNCIL DISTRICT: 2

SUBJECT: APPROVAL OF AN AGREEMENT FOR POSSIBLE FORMATION OF COMMUNITY FACILITIES DISTRICT NO. 14 (RALEIGH - CHARLOTTE) AND ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION AMENDMENTS IN THE CONSTRUCTION EXCISE TAX FUND

RECOMMENDATION

- a. Approval of an agreement with Hitachi Global Storage Technologies, Inc., to fund a feasibility study for the formation of a Community Facilities District for the maintenance of landscaping within public right-of-way, storm basins, and parks, at no cost to the City for a term from the date of execution to June 30, 2009.
- b. Adoption of the following Appropriation Ordinance and Funding Sources Resolution amendments in the Construction Excise Tax Fund:
 1. Increase the estimate for Earned Revenue by \$30,000.
 2. Establish an appropriation to the Department of Public Works for the Community Facilities District No. 14 Feasibility Study project in the amount of \$30,000.

OUTCOME

Approval of this recommendation will authorize staff to initiate a feasibility study for the formation of a Community Facilities District and provide for this work.

BACKGROUND

An amendment to the Edenvale Area Development Plan was adopted by Council on June 21, 2005, and the Tentative Map, filed and approved by the Planning Director on June 2, 2006, authorized the development of a 342 acre mixed residential, commercial, and industrial development in southeast San José called the Santa Teresa Transit Village (map attached). The

development requires the construction of certain public right-of-way and median landscaping, storm basins, and three parks; and ultimately the maintenance of those facilities. Hitachi Global Storage Technologies (the "Developer") is requesting the City investigate the formation of a Community Facilities District to fund the maintenance of those extraordinary public facilities.

ANALYSIS

In cooperation with the Developer, the proposed agreement would provide funding for City staff to assess the feasibility of forming Community Facilities District No. 14 (Raleigh - Charlotte) ("CFD No. 14") or ("District") to fund maintenance services for certain extraordinary public improvements, and if feasible, to initiate formation proceedings. The study area under consideration in CFD No. 14 is indicated on Attachment A, Vicinity Map. The agreement requires the developer to deposit \$30,000 with the City to fund staff costs to perform a feasibility study for the formation of the district, and perform the preliminary steps required for formation. If the City's costs exceed the initial deposit, the agreement includes provisions for additional funding by the Developer. In the event that the City does not wholly expend the deposit amount, the agreement requires a refund of unspent funds to the Developer.

The improvements requested by the developer to be considered for inclusion in the proposed district consist of enhanced median island and frontage landscaping within the right of way for new streets proposed as part of the development, two storm basins within proposed new public parks and to perform complete maintenance of three new parks, totaling approximately 17 acres (collectively the "Improvements"). The feasibility study will include an evaluation of an entirely new consideration for CFD's in San José, the inclusion, at the request of the developer, of an additional special tax for parks maintenance services specifically for the parks proposed in this project. This evaluation is expected to analyze the benefits and the risks regarding this practice for Council consideration during the initiation of the formation process. Regardless of the park maintenance consideration, a condition of approval for the project anticipates the formation of a community facilities district for the maintenance of the enhanced public right of way improvements and the dual use facilities (storm basins within the parks) proposed by this project. The Feasibility Study will provide staff with a reasonable determination of the extent of the district responsibilities.

EVALUATION AND FOLLOW UP

If a district is warranted and the Developer supports the proposal, a CFD will be formed in accordance with State and municipal codes which would include at least two future Council meetings.

POLICY ALTERNATIVES

N/A

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The recommended action does not meet any of the above criteria. However, this memorandum will be posted on the City's website for the May 6, 2008 Council agenda. The Department of Public Works has been in contact with the Developer throughout the development review process and will continue to coordinate throughout the process.

COORDINATION

This memorandum and related documents were prepared in cooperation with the Department of Transportation, the Planning, Building and Code Enforcement Department, Parks Recreation and Neighborhood Services and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This item is consistent with the Council-approved Budget Strategy in that staff costs are funded by the Developer's deposits.

COST SUMMARY/IMPLICATIONS

The Developer wired a deposit totaling \$30,000 to pay for the feasibility study and initial district formation costs. This revenue is temporarily being held in a developer's fund and is recommended to be recognized and budgeted in the Construction Excise Tax Fund, which will offset the appropriation recommendations in this memorandum. Any unused funds will be returned to the Developer. If costs exceed the initial estimate, the developer will be responsible for funding those excess costs.

These actions are in compliance with the Council approved Budget Strategy in that the developer funds staff costs for the feasibility study. If district formation is feasible and approved by the qualified voters, the costs of services provided through the district will be funded through annual special taxes on the properties within the district.

HONORABLE MAYOR AND CITY COUNCIL

04-14-08

Subject: Approval of an Agreement with Hitachi for CFD Feasibility Study

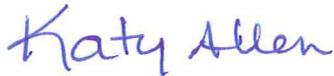
Page 4

BUDGET REFERENCE

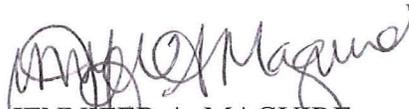
N/A

CEQA

CEQA: Resolution No. 72772, Hitachi Mixed Use Project Fund EIR

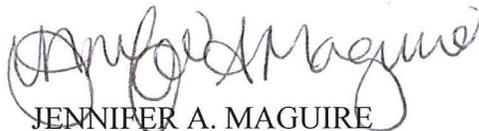


KATY ALLEN
Director, Public Works Department



JENNIFER A. MAGUIRE
Acting Budget Director

I hereby certify that there will be available for appropriation in the Construction Excise Tax Fund in the Fiscal Year 2007-2008 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$30,000.

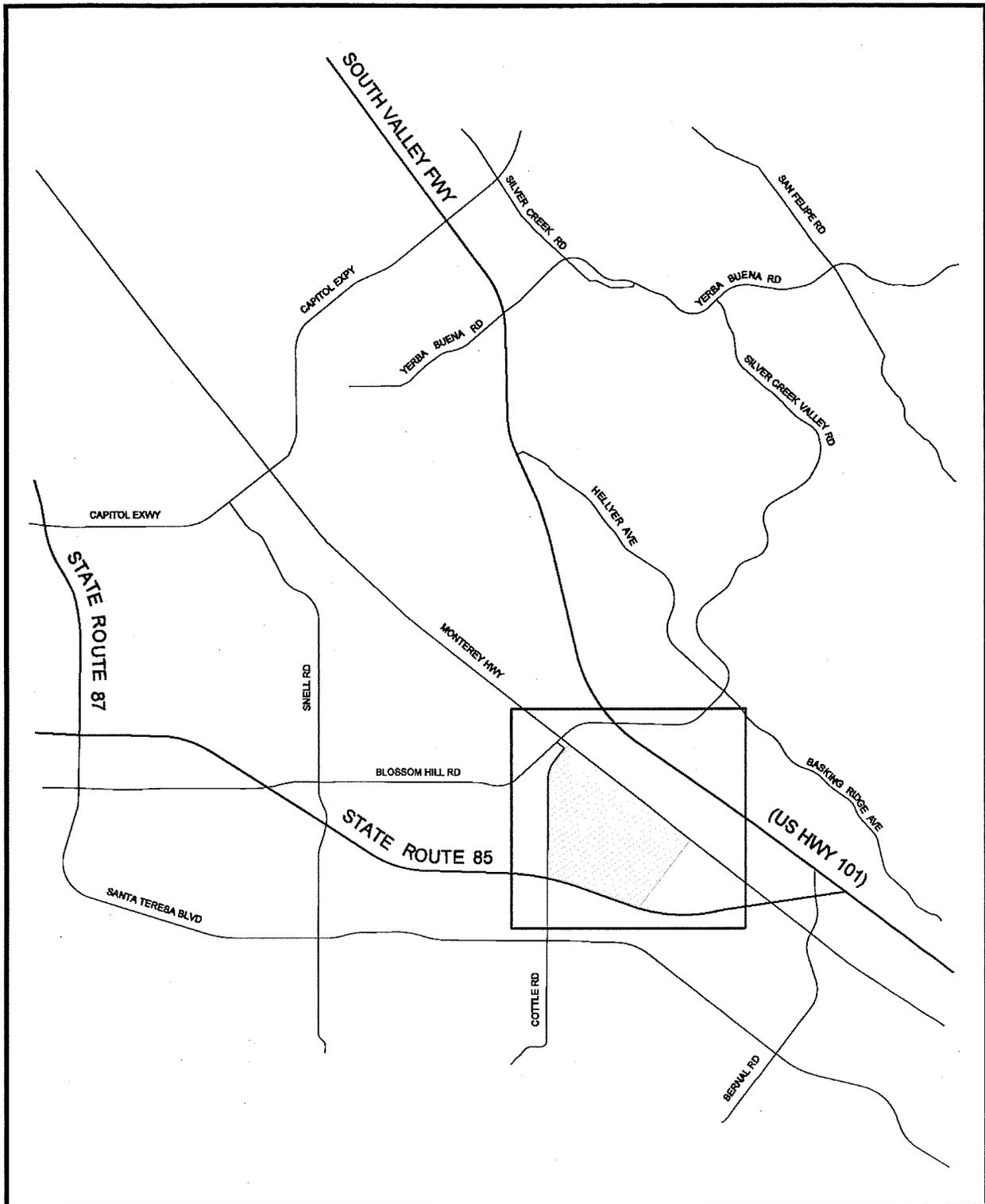


JENNIFER A. MAGUIRE
Acting Budget Director

For questions please contact TIMM BORDEN, DEPUTY DIRECTOR, PUBLIC WORKS DEPARTMENT, at 408-535-8300.

Attachment
PD:TMB:dcs
ccmemoCFD14fstudy.doc

ATTACHMENT A



CAPITAL OF SILICON VALLEY

PUBLIC WORKS DEPARTMENT
TRANSPORTATION AND DEVELOPMENT SERVICES DIVISION

BY: SPECIAL CONTRACTOR

VICINITY MAP



NOT TO SCALE

CITY OF SAN JOSE, COUNTY OF SANTA CLARA
STATE OF CALIFORNIA
PROPOSED
COMMUNITY FACILITIES DISTRICT NO. 14
(RALEIGH-CHARLOTTE)
FISCAL YEAR 2008-2009

