



COUNCIL AGENDA: 11-15-11  
ITEM: 2.15

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** David Sykes  
Jennifer A. Maguire

**SUBJECT:** SEE BELOW

**DATE:** 10-24-11

Approved

Date

11/4/11

**COUNCIL DISTRICT:** 2  
**SNI AREA:** Edenvale

**SUBJECT: ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION AMENDMENTS IN THE SERVICES FOR REDEVELOPMENT CAPITAL PROJECTS FUND (CITY-SIDE REDEVELOPMENT FUND) IN THE AMOUNT OF \$150,000 FOR 2011-2012**

## RECOMMENDATION

It is recommended that the City Council adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the Services for Redevelopment Capital Projects Fund (City-side Redevelopment Fund) for 2011-2012:

- a) Increase the estimate for Earned Revenue by \$150,000.
- b) Establish the appropriation to the Department of Public Works for the Improvement District 99-218SJ Deferral of Assessments Fiscal Year 2011-2012 (PSM 624) in the amount of \$150,000.

## OUTCOME

The City Council's approval of the recommended actions will provide for the continuation of the deferral of assessments program for fiscal year 2011-2012.

## BACKGROUND

Improvement District 99-218SJ (Hellyer-Piercy) was formed in 2001 to fund the construction of necessary infrastructure improvements for a portion of the Edenvale Redevelopment Project Area located south of Silver Creek Valley Road and east of Highway 101. The bonds sold by this district are repaid through annual assessments placed upon the property tax bills of the parcels within the district. As part of its contribution to the financing of the infrastructure improvements, the San Jose Redevelopment Agency ("Agency") has agreed, pursuant to the "Cooperation Agreement Between the City and the Agency Relating to Public Improvements

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Required for the Build-Out of the Edenvale Redevelopment Project Area” dated June 20, 2000 (“Cooperation Agreement”), to make the assessment payments to the City on behalf of the property owners who participate in the Deferral of Assessment Program as set forth in the San Jose Municipal Code Chapter 14.22. The Program was offered to promote orderly development in conformance with the general plan, to slow the pressure to develop certain smaller properties and to encourage the accumulation of small parcels into larger parcels that are suitable for desired development. As per the agreements with each of the eligible property owners, the assessment deferrals are to be paid back at the time of sale, transfer or development of the parcel. Fully executed agreements between the City and the property owners participating in the deferral program are on file in Public Works.

### **ANALYSIS**

#### **Improvement District 99-218SJ Deferral of Assessment Fiscal Year 2011-12**

Improvement District 99-218SJ has funded the construction of necessary infrastructure improvements in the Edenvale Redevelopment Project Area connecting Hellyer Avenue and Piercy Road. The Deferral of Assessments Program provides annual assistance to residential property owners living in the assessment district by deferring payment of assessments on their properties and pays the semi-annual assessment payments to Santa Clara County Assessor’s Office. The Department of Public Works staff processes requests from property owners, notifies, and submits all necessary updates to the Agency. The source of funding for the project would be a transfer from the Redevelopment Agency in the total amount of \$150,000.

The Cooperation Agreement is included on the Agency’s Enforceable Obligations Payment Schedule that was required under recent legislation and details the Agency’s obligations for the period through December 31, 2011. Agreements with the property owners for which this deferral program was established state that 120 days notice is required for the City to terminate its obligation to pay the assessment. Given that the Mayor’s June Budget Message for 2011-2012, as approved by the City Council, directed “...organizations that receive grants and subsidies should be prepared to not receive funding in Fiscal Year 2012-2013,” staff will reach out to the property owners and review these agreements over the coming months to identify cost reductions. A recommendation whether or not to continue this program, starting with the 2012-2013 assessment payments, may be brought forward for City Council consideration as part of the 2012-2013 budget process or by June 2012 to coincide with the 120 days noticing period for these contracts.

### **EVALUATION AND FOLLOW-UP**

A recommendation whether or not to continue this program, starting with the 2012-2013 assessment payments, may be brought forward for City Council consideration as part of the 2012-2013 budget process or by June 2012 to coincide with the 120 days noticing period for these contracts.

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### **POLICY ALTERNATIVES**

Not applicable.

### **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 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)**

Although this project does not meet the \$1 million threshold for Criterion 1, this memorandum is posted on the City's website for the November 15, 2011 Council Agenda.

### **COORDINATION**

This project and memorandum have been coordinated with the City Attorney's Office, the San Jose Redevelopment Agency, and the Department of Planning, Building and Code Enforcement.

### **COST IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/ COST OF PROJECTS: \$150,000
2. SOURCE OF FUNDING: A transfer from the San Jose Redevelopment Agency, as included in the San José Redevelopment Agency Board approved 2011-2012 Capital and Operating Budget, to the Services for Redevelopment Capital Projects Fund.
3. OPERATING COSTS: No operating and maintenance impacts are anticipated for the Improvement District 99-218SJ Deferral of Assessment Fiscal Year 2011-2012 Project.

### **BUDGET REFERENCE**

Not applicable.

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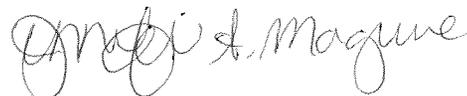
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**CEQA**

CEQA: Not a project, File No. PP10-067(b), Appropriation Ordinance

/s/

DAVID SYKES  
Director of Public Works



JENNIFER A. MAGUIRE  
Budget Director

I hereby certify that there will be available for appropriation in the Services for Redevelopment Capital Projects Fund (City-side Redevelopment Capital Fund) in the Fiscal Year 2011-2012 monies in excess of those heretofore appropriated there from, said excess being at least \$150,000.



JENNIFER A. MAGUIRE  
Budget Director

For questions please contact: HARRY FREITAS, DEPUTY DIRECTOR, DEPARTMENT OF PUBLIC WORKS, at (408) 535-8300.

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