

Memorandum

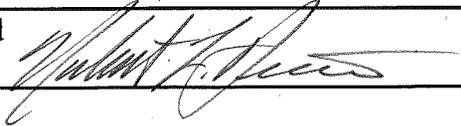
TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Gloria Schmanek

SUBJECT: Early Council Packet

DATE: November 13, 2012

Approved



Date

11/13/12

**EARLY DISTRIBUTION COUNCIL PACKET FOR
NOVEMBER 27, 2012**

Please find attached the Early Distribution Council Packet for the November 27, 2012 Council Meeting.

4.x TEFRA Hearings for the Issuance of Tax-Exempt Multifamily Revenue Bonds to Construct the Seventh and Taylor Ajisai Apartments and Orvieto B Apartments.

Recommendation:

- (a) Accept a Tax Equity and Fiscal Responsibility Act public hearing for the issuance of up to \$27,000,000 in tax-exempt private-activity bonds by the California Statewide Communities Development Authority ("CSCDA") for the new construction of ROEM Development Corporation's proposed 103 unit Ajisai Apartments located at Seventh and Taylor Streets;
- (b) Accept a Tax Equity and Fiscal Responsibility Act public hearing for the issuance of up to \$24,000,000 of tax-exempt private-activity bonds by CSCDA for the new construction of ROEM Development Corporation's proposed 106 unit Orvieto B Apartments located at the corner of Montecito Vista Drive and Montecito Vista Way; and
- (c) Adopt a resolution approving the issuance of Tax-Exempt Revenue Bonds by CSCDA in an aggregate principal amount not to exceed \$51,000,000 to be used to finance the Ajisai Apartments and Orvieto B Apartments and pay certain expenses incurred in connection with the issuance of the bonds.

CEQA: Not a Project, File No. PP10-069, City Organizational and Administrative Activities. Council Districts 3 and 7. (Finance/Housing)

5.x Agreement with San Jose Unified School District for the Construction and Joint Use of Soccer Fields at Steinbeck Middle School.

Recommendation: Adopt a resolution that authorizes the City Manager to negotiate and execute an agreement with the San Jose Unified School District that provides for the City to access District property for the design, construction, operation, maintenance and joint

use of an artificial turf soccer field and support amenities including parking, restroom and storage, lighting, fencing, and an optional second artificial turf sports field with lighting and fencing at Allen at Steinbeck Middle School. The term of the Agreement is for a period of 25 years from the date of full execution plus the number of months necessary for the term to end on the following June 30th. CEQA: Exempt, File No. PP12-088. Council District 10. (Parks, Recreation and Neighborhood Services)

6.x 2012 ADA Accessibility Ramps Project.

Recommendation: Report on bids and award of contract for the 2012 ADA Accessibility Ramps Project to the low bidder SpenCon Construction, Inc. in the amount of \$1,510,315 and approval of a 5% contingency in the amount of \$75,516. CEQA: Exempt, File No. PP08-186. (Transportation)

San José Financing Authority

Actions Related to the City Of San Jose Financing Authority's Commercial Paper Program.

Recommendation:

- (a) It is recommended that the City Council adopt a resolution to:
 - (1) Authorize the negotiation, execution, and delivery of an Amended and Restated Letter of Credit and Reimbursement Agreement for the City of San José Financing Authority's Lease Revenue Commercial Paper Notes Program for an alternate credit facility and to authorize other related actions.
- (b) It is recommended that the City of San José Financing Authority Board adopt a resolution to:
 - (1) Authorize the negotiation, execution, and delivery of an Amended and Restated Letter of Credit and Reimbursement Agreement for the City of San José Financing Authority's Lease Revenue Commercial Paper Notes Program for an alternate credit facility and to authorize other related actions.

CEQA: Not a project, PP10-069, City organizational and administrative activities. (Finance)

These items will also be included in the Council Agenda Packet with item numbers.


GLORIA SCHMANEK
Agenda Services Manager





Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper
Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: November 6, 2012

Approved

Date

11/12/12

COUNCIL DISTRICTS: 3 and 7

**SUBJECT: TEFRA HEARINGS FOR THE ISSUANCE OF TAX-EXEMPT
MULTIFAMILY REVENUE BONDS TO CONSTRUCT THE SEVENTH
AND TAYLOR (AJISAI) APARTMENTS AND ORVIETO B
APARTMENTS**

RECOMMENDATION

It is recommended that the City Council:

1. Hold a Tax Equity and Fiscal Responsibility Act ("TEFRA") public hearing for the issuance of up to \$27,000,000 in tax-exempt private-activity bonds by the California Statewide Communities Development Authority ("CSCDA") for the new construction of ROEM Development Corporation's proposed 103 unit Ajisai Apartments located at Seventh and Taylor Streets;
2. Hold a Tax Equity and Fiscal Responsibility Act ("TEFRA") public hearing for the issuance of up to \$24,000,000 of tax-exempt private-activity bonds by CSCDA for the new construction of ROEM Development Corporation's proposed 106 unit Orvieto B Apartments located at the corner of Montecito Vista Drive and Montecito Vista Way; and
3. Adopt a resolution approving the issuance of Tax-Exempt Revenue Bonds by CSCDA in an aggregate principal amount not to exceed \$51,000,000 to be used to finance the Ajisai Apartments and Orvieto B Apartments and pay certain expenses incurred in connection with the issuance of the bonds.

OUTCOME

Approval of the recommended action will contribute to securing the financing necessary to construct the Seventh and Taylor Apartments (Ajisai) and Orvieto B Apartments (together, the

“Projects”) to go forward and obtain the other necessary project funding commitments at this time.

BACKGROUND

ROEM Development Corporation. (“Sponsor”), a California corporation has requested that the CSCDA issue tax-exempt bonds (“Bonds”) in an aggregate principal amount not to exceed \$51,000,000 for two separate affordable housing projects in San José. Proceeds of the Bonds are to be made available to finance the new construction of the Projects.

ROEM is proposing to construct two projects. The Seventh and Taylor (Ajisai) project, located at the corner of North Seventh Street and East Taylor Street, will be a 4% tax credit deal in which 20% of the 103 units have restricted rents that must serve tenants with incomes at 50% of the area median income (“AMI”) or less. The proposed project consists of six one-bedroom and 15 two-bedroom units that will be restricted at 50% AMI. The Orvieto B project, located at the corner of Montecito Vista Drive and Montecito Vista Way off Monterey Highway is a 4% tax credit deal providing additional restricted units to the City. The proposed project consists of 106 units, of which three one-bedroom and eight two-bedroom units will be restricted at 50% AMI and 21 one-bedroom and 73 two-bedroom units will be restricted at 60% AMI.

The proposed new construction projects will result in a mix of units affordable to families at 50% and 60% of AMI. These incomes equate to maximum annual incomes of \$42,000 per household for one-bedroom units at 50% AMI and \$56,700 per household for two-bedroom units at 60% AMI.

ANALYSIS

The City’s Policy for the Issuance of Multifamily Housing Revenue Bonds (“Policy”) requires that the City be the issuer of tax-exempt private-activity bonds for projects located within San José. An exception to the Policy allows the City to authorize another entity to issue the bonds if the project sponsor is seeking the issuance of bonds to finance other projects in the same round of bond allocations from the California Debt Limit Allocation Committee (“CDLAC”) under a similar financing program so as to result in economies of issuance and the City is not making a loan or grant to the project. Although, it is the City’s policy to require that the City be the issuer of bonds for all projects in San José, on rare occasions we have approved developers’ use of an alternate issuer. In this case, the developer asserts that the budgets for the projects are too tight to afford the City’s issuance fees. Since ROEM is proposing tax-exempt bonds for two affordable housing projects in the City in the same CDLAC round and there are no City loans or grants, the Finance and Housing Departments jointly recommend an exception to the policy to allow for the outside issuer.

Under this proposal, CSCDA will assume full responsibility for bond issuance, administration and on-going compliance. Aside from tax-exempt bonds, the Sponsor proposes the following

November 6, 2012

Subject: TEFRA Hearings for the Seventh and Taylor (Ajisai) and Orvieto B Apartments

Page 3

sources of revenue for the Projects: federal 4% Low-Income Housing Tax Credits; State Tax Credits; and a seller take-back note. There is no current City loan on the Projects and none is proposed in the subject transactions.

The federal tax law, known as the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") requires that projects funded with qualified tax-exempt private activity bond proceeds be approved by the City Council after a noticed public hearing, called a "TEFRA hearing." A qualified private activity bond is a bond issued to fund a project for a private entity but meets certain requirements under the Internal Revenue Code (the "Code") in order for the interest received by the bondholder to be excluded from gross income for federal income tax purposes. These hearings provide interested individuals or parties the opportunity to comment on any matters related to such potential bond issues, including the nature and location of the project.

The TEFRA Hearing is scheduled to be held as part of the action items on the November 27, 2012 Council Agenda and serves as a method of notifying the community of CSCDA's intent to issue tax-exempt private activity bonds for the Projects. The public hearing notice will be published in the *San Jose Mercury News* on or about November 6, 2012, announcing the time and location of the public hearing.

Federal tax law limits the types of projects that may be funded with tax-exempt bond proceeds since the interest earned on such bonds is exempt from federal taxation. Pursuant to the Code, the issuance of the Bonds by CSCDA requires the City's approval because the Project is located within the territorial limits of the City. In order for the interest on the Bonds to be excluded from the gross income of the owner of the Bonds (i.e. tax-exempt), an "applicable elected representative" of the government unit must approve the issuance of the Bonds after the TEFRA hearing. Council's approval of the issuance of the Bonds and the use of the proceeds serves to meet the applicable Code requirements. Council's approval of this action is not approval of the Project for any other purpose.

Chapter 5.06 of the Municipal Code, "Contract Authority of the Director of Housing, City Manager and Director of Finance" also known as the Delegation of Authority, sets forth a number of actions that the City Administration can undertake in connection with the City's affordable housing program. In situations in which the City allows an external agency such as CSCDA to issue the bonds, the City Council must hold the TEFRA hearing since the delegation of authority to the Director of Finance is limited to those cases where the City will be the issuer. Staff is reviewing amendments to the Policy and will return to Council with a recommendation allowing the Director of Finance to hold a TEFRA Hearing in either situation.

EVALUATION AND FOLLOW-UP

Council will be notified of the ground breaking and/or grand opening ceremonies for these projects. No further Council action is anticipated.

PUBLIC OUTREACH

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**

- Criteria 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)**

- Criteria 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 actions recommended in this report do not meet any of the above criteria. The City will notice the projects as follows:

1. A public hearing notice regarding the TEFRA hearing to be held as part of the actions recommended in this report is scheduled to be published in the *San Jose Mercury News* on or about November 6, 2012.

2. This report will be posted to the agenda website for the City Council's November 27, 2012 meeting.

COORDINATION

This memorandum has been prepared in coordination with the City Attorney's Office.

COST IMPLICATIONS

The TEFRA hearings will have no fiscal impact on the City as there are no City funds in this Project. The tax-exempt bonds issued by CSCDA will be secured solely by the Project's revenues. By not exercising its option to be the bond issuer, the City will forego the issuance fees and the annual fees associated with the bond monitoring obligation.

FISCAL/POLICY ALIGNMENT

This action is consistent with the City's *2007-2012 Five-Year Housing Investment Plan*, adopted by Council on June 12, 2007, to increase the supply of affordable housing, and with the City's

HONORABLE MAYOR AND CITY COUNCIL

November 6, 2012

Subject: TEFRA Hearings for the Seventh and Taylor (Ajisai) and Orvieto B Apartments

Page 5

Consolidated Plan 2010-2015 to provide housing units for very low- and extremely low-income households.

CEQA

Not a Project, File No. PP10-069, City Organizational and Administrative Activities.

/s/

JULIA H. COOPER

Acting Director, Finance Department

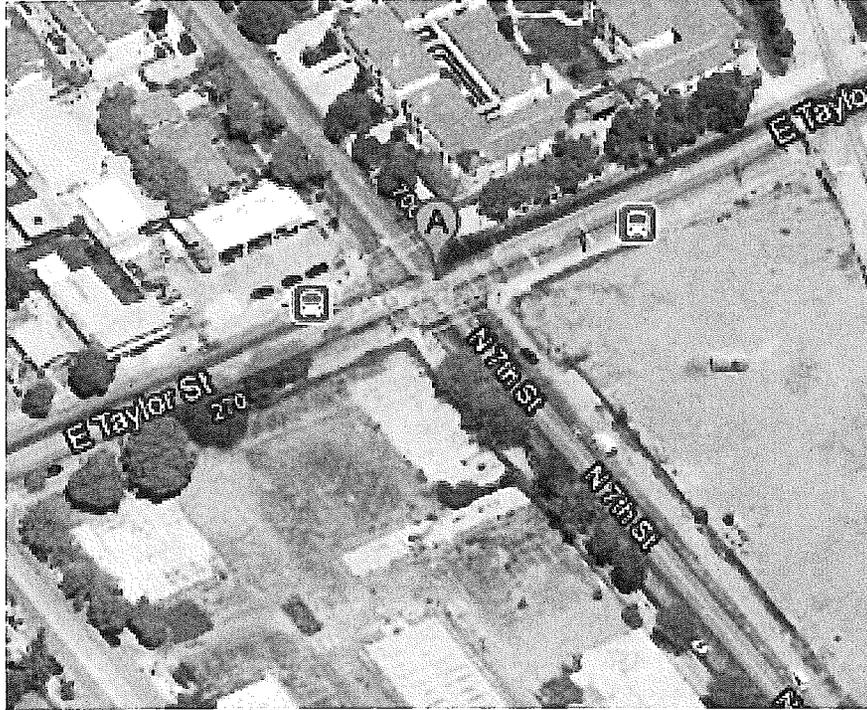
/s/

LESLYE CORSIGLIA

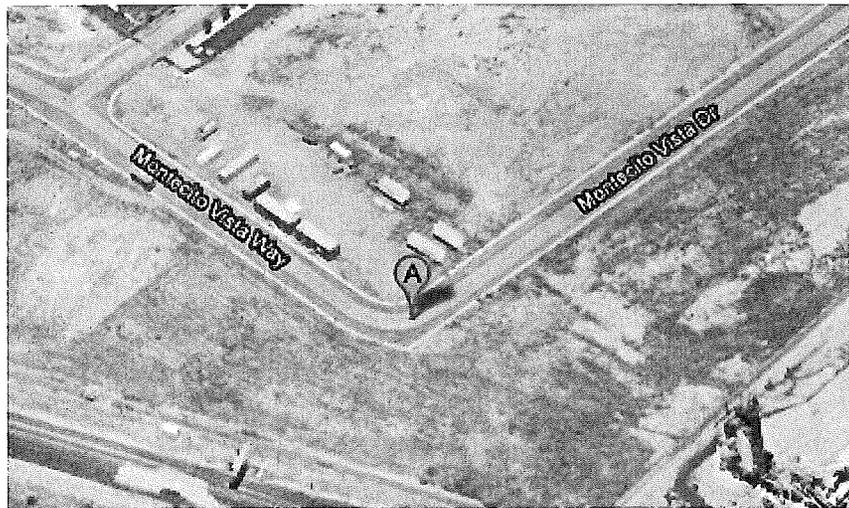
Director, Housing Department

For questions please contact Leslye Corsiglia, Director of Housing at 408-535-3851.

Attachment



7th and Taylor



Montecito Vista Drive and Montecito Vista Way



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Julie Edmonds-Mares

SUBJECT: SEE BELOW

DATE: November 6, 2012

Approved

Date

11/13/12

COUNCIL DISTRICT: 10

SUBJECT: AGREEMENT WITH SAN JOSE UNIFIED SCHOOL DISTRICT FOR THE CONSTRUCTION AND JOINT USE OF ONE SOCCER FIELD, WITH THE OPTION TO CONSTRUCT AND USE A SECOND SOCCER FIELD, AT ALLEN AT STEINBECK MIDDLE SCHOOL

RECOMMENDATION

Adopt a resolution that authorizes the City Manager to negotiate and execute an agreement with the San Jose Unified School District that provides for the City to access District property for the design, construction, operation, maintenance and joint use of an artificial turf soccer field and support amenities including parking, restroom and storage, lighting, fencing and an optional second artificial turf sports field with lighting and fencing at Allen at Steinbeck Middle School. The term of the Agreement is for a period of 25 years from the date of full execution plus the number of months necessary for the term to end on the following June 30th.

OUTCOME

Through this agreement, the City will acquire access to two artificial turf fields and support amenities, and improve recreational opportunities to the residents of Almaden Valley and Council District 10.

BACKGROUND

In recognition of the citywide shortage of sports fields, Council approved a community sports field study in 2006. Information obtained through data collection indicated a strong preference for the development of recreational amenities through partnerships.

Since that time, the Department of Parks, Recreation and Neighborhood Services (PRNS) has been actively pursuing new partnerships for the development of sports fields with school districts. On

November 6, 2012

Subject: Agreement with San Jose Unified School District for the Construction of Soccer Fields at Allen at Steinbeck Middle School

Page 2

June 14, 2011, Council adopted a resolution authorizing the City Manager to negotiate and execute a Memorandum of Understanding (MOU) with the San Jose Unified School District (District) for the shared planning, development and operation of artificial turf soccer fields at Steinbeck Middle School Steinbeck (Steinbeck). The District board approved the MOU on August 18, 2011.

A community meeting was held on September 29, 2011, to provide the community with a description of the proposed joint use project between the District and City and have a dialogue with the community regarding any potential concerns relating to the project. The scope of work discussed with Council, the School Board and the community during 2011, was to install one artificial turf soccer field with lights, parking and restroom facilities, at the Steinbeck school campus.

In late Spring 2012, the Office of Councilmember Nancy Pyle notified City staff that a potential donor had been identified who was interested in contributing funding of approximately \$4,000,000 to the Steinbeck soccer fields project or to other soccer related improvements or scholarships for Almaden Valley Youth Soccer. On August 7, 2012, Council adopted a resolution that authorized the City Manager to negotiate and execute any necessary agreements required to accept a donation of cash and/or stock valued at approximately \$4,000,000 for the Steinbeck soccer fields project or other soccer related improvements or scholarships for Almaden Valley Youth Soccer. The final cash value of the donation is \$4,200,000.

Combined with an anticipated City capital contribution, the donation allows the City and the District to increase the scope of the project by adding an additional artificial turf field and enhance opportunities for soccer play in Almaden Valley and Council District 10. City staff has been in discussions with the donor and the Silicon Valley Community Foundation (SVCF) over the past several weeks and has nearly completed negotiations on an agreement for disbursement of the donation. The donor has assigned the management and disbursement of the donation to SVCF. The funding will not be transferred to the City until such time that it is necessary to award the construction contract for the Steinbeck soccer fields project.

Key parameters of the donation agreement include:

1. The intent is to support soccer activity in the Almaden Valley area;
2. The donation will be combined with City funding to create and replace artificial turf soccer fields;
3. A portion of the donation is anticipated to be provided to the City in Spring 2013, following the City's receiving the bid results for the construction project and determining the amount of funding necessary to fully fund the construction of the project;
4. These fields are currently proposed to be constructed at Steinbeck school, pending final approval of a joint use agreement with the District as well as completion of a community outreach process, and additional environmental review;
5. Creation of an account to help fund the replacement of the artificial turf field(s) at the end of their useful life and the creation of scholarships for Almaden Valley Youth Soccer League

November 6, 2012

Subject: Agreement with San Jose Unified School District for the Construction of Soccer Fields at Allen at Steinbeck Middle School

Page 3

will be the priority for use of any remaining donor funds following the completion of construction;

6. The donor will designate the name of the facility, in accordance with applicable San Jose Unified School District and City of San Jose facility naming policies; and
7. Disbursement of funds from SVCF to the City is contingent upon Council approval of a construction contract for an artificial turf field project through the pending joint use agreement.

As noted above, the City held a community meeting in late 2011, to discuss the original project scope of one artificial turf soccer field. Given the potential change in the scope of work, the City held another community outreach meeting on October 10, 2012, in order to receive feedback on the revised project.

The overall feedback from the community was positive with the majority of the attendees supporting the project. However, there were questions raised by some attendees regarding the parking and environmental impact of the project. City staff addressed these questions at the meeting as well as other questions regarding field lighting, parking, environmental reviews, reservation prioritization, artificial versus natural turf, noise and site security.

ANALYSIS

The Agreement represents the City and District common objectives of reducing student delinquency and truancy and enhancing educational and recreational opportunities for students and neighbors of Steinbeck and attempts to address the overall educational, recreational and social needs and general welfare of students of Steinbeck and the residents of the adjacent neighborhood. By renovating an existing turf field to an artificial turf field, meeting these objectives may improve through expanded and consistent programmed use. Through the addition of donor funding toward the project, an additional artificial turf field will be constructed and provide expanded opportunities for school and community access to recreation.

In recognition of these overarching common goals shared by the City and District, the Agreement includes a project scope of work at Steinbeck that describes the renovation of one athletic field to artificial turf and the construction of support amenities such as parking, restroom, storage, lighting, and fencing to facilitate community use. An option to expand the project scope to two artificial turf fields is incorporated and is contingent upon the successful conclusion to the donor agreement. The Agreement conditions remain consistent for one or both artificial fields. In addition to the project scope of work, the Agreement provides for the following:

Term is 25 years from the date the agreement is executed plus the number of months necessary for the term to end on the following June 30. The City may extend the term for no more than three additional terms of five years each.

November 6, 2012

Subject: Agreement with San Jose Unified School District for the Construction of Soccer Fields at Allen at Steinbeck Middle School

Page 4

Steering Committee comprised of equal City and District representation is established to provide joint oversight of the sports field(s) so that coordinated services are delivered to the students of the District and members of the community. The Steering Committee is responsible to develop an annual work plan and budget to ensure efficient operations and resolve any disputes that may arise.

Sports Field Design, Construction and Funding will be provided for by the City and meet the requirements for facility development on a school site established by the Department of the State Architect (DSA) and complete the improvements no later than 24 months after receiving approval from DSA. At the City's option, the City may notify the District of its intent to develop a second field based upon funding availability from a donor or donors.

Funding for the project is contingent upon the City's bid solicitation results. If City determines that the lowest responsive bid from a responsible bidder ("low bid") would not exceed the project budget, City is required to award the contract for the project as designed, to the bidder submitting the low bid. If City determines that the low bid would exceed the project budget and the City and District are unable to reduce the cost of improvements through value engineering so that the cost does not exceed the project budget, then the City may terminate the Agreement, elect to augment the project budget and award a construction contract, or redesign and rebid the project.

Parking capacity at the site will be increased by 54 paved spaces on the school site, which will provide significant improvements over the existing parking situation when the fields are reserved.

Lighting will be added to the field(s). Twelve 60-foot tall light standards will be erected along the perimeter of the fields to enable evening and night use until 10 p.m. The lights will use industry leading technology to cut off light spill from neighboring residents. Illumination from the new light stands will be less than 0.1 foot-candle at a distance of 100 feet from the edge of the field(s) and the closest residence is more than 150 feet from the edge of the sports fields across Santa Teresa Blvd. At this level of illumination, the lighting from the field(s) will not exceed the illumination from street lights along Santa Teresa Blvd and Allen Ave which separate the project site from nearby residences.

Maintenance, Repairs and Utilities will be shared by the City and District. The City is responsible for operations and routine and capital maintenance while the District is responsible for all utilities serving one or two fields and the facility improvements. In the event either party fails to appropriate funding to support their responsibility areas, the party will be precluded from facility use during the City use period.

Use Periods are defined for the District as 7:00 a.m. to 4:00 p.m. Monday through Friday to accommodate the District's education, physical education, and athletic programs. The District has up to 40 hours per year of priority use during City use periods at no charge to accommodate after school programming. City is responsible for the facilities 4:00 p.m. to

10:00 p.m. Monday through Friday and on weekends, school holidays and summer break from 7:00 a.m. to 10:00 p.m. During City use periods, the City is responsible to provide staff support, scheduling, and fee collections. Outside of the City use period, the City may request day use during the District use period for the potential to start certain activities prior to 4:00 p.m. on school days. Any adjustment of hours beyond what is described above would be subject to mutual agreement by the District and City.

Termination of the Agreement may occur at the end of the Term or all extensions thereto or by either the District or City with or without cause. The District may terminate without cause only after completion of the field(s) and City's occupancy of the field(s) for a period of five years. If the District chooses to terminate without cause, the District will refund the City's amortized contribution. If the City chooses to terminate, the District will not refund any of the City's contribution. Based upon timing and origin of termination, the City may need to return the field(s) to a natural turf field(s).

Level of Collaboration

As negotiated, the terms of the proposed agreement represent a fundamental shift in the level of collaboration between the City and District. The following is a summary of key attributes of the proposed agreement:

- 1. The City's contribution is structured as an investment rather than a grant.** In the past, when the City has contributed to an improvement on a school site, the benefit to the City has not been clearly delineated and has been, in effect, more of a grant than an investment. In more recent agreements, and in this agreement, the City is guaranteed a minimum number of hours in exchange for its contribution. There is a clear benefit for the City and the City will have responsibility for managing that asset.
- 2. City costs will be offset by fees generated by the project.** Fees generated during hours assigned to the City will be deposited into a City account. First priority for use of these funds will be to offset the cost of City staff assigned to manage and maintain the facility. As such, the City will benefit from additional sports use with a dedicated source of revenue to offset costs.
- 3. The City will manage and schedule use of the property during assigned hours.** In the past, the right to schedule was retained by the District. As a result, instances would occur where City use would be bumped. By retaining the right to schedule, the City will be sure to maintain first priority for use during assigned hours.

PRNS has a strong tradition of partnering with local school districts to improve service delivery. As proposed, this agreement will enable the City to move forward with joint-use sports field development as envisioned when changes to the Parkland Dedication/Park Impact Ordinances were adopted. Moreover, this agreement represents a new approach to service delivery that leverages mutual assets while minimizing operational costs. The City and the District look forward to utilizing this agreement as a template for future collaborations in other areas of the District.

November 6, 2012

Subject: Agreement with San Jose Unified School District for the Construction of Soccer Fields at Allen at Steinbeck Middle School

Page 6

Because the project is located on District property, the District Board requires action be taken by the City prior to the District Board's consideration. In order to meet this requirement and begin to deliver the project, staff recommends Council delegate authority to the City Manager to negotiate and execute this agreement with the District. The item has been placed on the District's Board agenda for December 13, 2012, as a placeholder in the event Council approves staff's recommendation.

EVALUATION AND FOLLOW-UP

Staff will seek City Council authorization at a later date to award a construction contract for the renovation of the Allen at Steinbeck Field(s).

POLICY ALTERNATIVES

Alternative: City declines to invest in the project.

Pros: Funds could be used for other projects in Council District 10.

Cons: Should the Council not wish to invest, the School District will not be able to afford to install the artificial turf/synthetic track and the City would lose access to the field.

Reason for Not Recommending: There is a shortage of community sports fields throughout the City. The proposed investment will enable the City to quickly expand its inventory and expedite access to the community.

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)**

This item meets Criteria 1: Requires Council action on the use of public funds equal to \$1 million or greater. This memorandum will be posted on the City's website for the November 27, 2012 City Council meeting.

HONORABLE MAYOR AND CITY COUNCIL

November 6, 2012

Subject: Agreement with San Jose Unified School District for the Construction of Soccer Fields at Allen at Steinbeck Middle School

Page 7

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Manager's Budget Office, and the Department of Planning, Building and Code Enforcement.

FISCAL/POLICY ALIGNMENT

This Project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will lead to construction spending in our local economy.

COST SUMMARY/IMPLICATIONS

The operating and maintenance costs for one artificial turf field are approximately \$100,000 and have been programmed in the 2012-2013 Adopted Operating Budget. This cost is expected to be fully offset by fees generated through sports field usage. The higher operating and maintenance costs as a result of the addition of a second field have not been determined and will be addressed in the 2013-2014 budget process. However, it is expected that the fees will offset the costs to operate and maintain the second turf field and there will be no negative impact to the General Fund.

BUDGET REFERENCE

An appropriation action is not necessary at this time because funding is not required to execute the Agreement. Appropriation actions will be required and included as part of the construction contract award for the soccer field(s) project for Council consideration.

CEQA

Exempt, File No. PP12-088.

Reasons the project is exempt

The site is already used as a sports field as part of the Steinbeck School site, and the proposed re-surfacing and addition of a parking lot and field lighting will not change the primary use of the site or result in a significant intensification of the existing use beyond an extension of the time period of the use. The impact on peak period traffic patterns will be negligible, since the fields are already used for sporting events during the evening peak period (4pm to 6pm) for most of the year. The extension of evening use of the fields into the fall and winter allowed by the installation of the field lighting will not generate more traffic than that currently generated during the evening peak period at other times of the year.

No adverse impacts are anticipated to light-sensitive wildlife since the project site is located more than a half-mile from the nearest riparian area along the Guadalupe River to the west.

HONORABLE MAYOR AND CITY COUNCIL

November 6, 2012

Subject: Agreement with San Jose Unified School District for the Construction of Soccer Fields at Allen at Steinbeck Middle School

Page 8

Impacts of the new field lights on neighboring residents will be minimal, as illumination from the new light standards will be less than 0.1 foot-candle at a distance of 100 feet from the edge of the sports fields. The closest residence is more than 150 feet from the edge of the sports fields across Santa Teresa Blvd. At this level of illumination, the lighting from the sports field lights will not exceed the illumination from street lights along Santa Teresa Boulevard and Allen Avenue, which separate the project site from nearby residences.

No other significant environmental impacts were identified by the project.

Therefore, the construction and operation of the proposed project will not result in any adverse environmental impacts, including those related to light and glare.

/s/

JULIE EDMONDS-MARES

Acting Director of Parks, Recreation and
Neighborhood Services

For questions please contact Matt Cano, Deputy Director, at 408-535-3580.



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen

SUBJECT: 2012 ADA ACCESSIBILITY
RAMPS PROJECT

DATE: November 5, 2012

Approved

Date

11/9/12

RECOMMENDATION

Report on bids and award of contract for the 2012 ADA Accessibility Ramps Project to the low bidder SpenCon Construction, Inc. in the amount of \$1,510,315 and approval of a 5% contingency in the amount of \$75,516.

OUTCOME

Approval of this construction contract will allow for the installation of approximately 628 new curb ramps at various intersections throughout the City. Installation of these ramps will provide better sidewalk accessibility for persons in wheel chairs and help meet the goals of the Americans with Disabilities Act (ADA). Approval of a 5% contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the project.

BACKGROUND

The City's Department of Transportation (DOT) manages multiple projects each year that install curb ramps throughout the City. Projects are funded by various programs. For this project, 628 ramps will be funded by the City's ongoing Curb Accessibility Ramp Program.

The attachment to this memo contains the list of all the locations where curb ramps will be installed under this project. The locations for new ramps were selected based on the following priorities:

1. Known routes used and requested by persons with disabilities (272 ramps).
2. Known routes to schools, senior and community centers, and areas around community parks (116 ramps).

3. Requests from the community through various groups and the City Council offices (240 ramps).

DOT maintains a list of all additional curb ramp requests from the various sources. As future funding becomes available, DOT will request authorization from the Council to utilize those funds to improve these additional locations based on the criteria established above. The final construction list may be slightly altered from the attachment to the memo as unforeseen circumstances arise or new information regarding certain locations become available.

ANALYSIS

This project consists of saw cutting and removing existing concrete surface structures, constructing 628 ramps, maintaining pedestrian access through work areas and repairing or replacing pavement and sidewalk as necessary to facilitate use of the sidewalk accessibility curb ramps by persons with disabilities. Bids for this project were received on October 11, 2012 with the following results:

Contractor	City	Bid Amount	Variance Amount	% Over/Under Estimate
SpnCon Construction, Inc.	Danville	\$1,510,315.00	-\$9,685.00	-0.64%
Rosas Brothers Construction	Oakland	\$1,519,650.00	-\$350.00	-0.02%
Engineer's Estimate		\$1,520,000		
JJR Construction	San Mateo	\$1,599,915.00	\$79,915.00	5.26%
Golden Bay Construction	San Carlos	\$1,665,950.00	\$145,950.00	9.60%
Wattis Construction	San Jose	\$1,893,065.00	\$373,065.00	24.54%

The bid documents have been evaluated and found to be in order. The low bid submitted by SpnCon Construction, Inc. is 0.64% below the Engineer's Estimate. The Engineer's Estimate for this project is \$1,520,000. The estimate was based on bids received from similar past projects and current estimated construction prices. The bid is considered acceptable for the work involved in the project and staff recommends that the construction contract be awarded to SpnCon Construction, Inc.

A 5% contingency rate is used on all accessibility ramp projects for any unforeseen conditions that may arise during construction, such as additional sidewalk or curb and gutter repairs that are needed to ensure safe access or proper storm water flow. The proposed contingency for this project is \$75,516.

Construction is scheduled to begin in December 2012 and to be completed by December 2013.

EVALUATION AND FOLLOW-UP

The project is currently within budget and on schedule with a projected completion in December 2013. DOT will continue to maintain a list of accessibility ramp requests throughout the year. Based on the priority ranking criteria, ramp locations will be included in the 2013 ADA Accessibility Ramps Project to be reviewed by Council for approval.

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)**

To solicit contractors, this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record* and bid packages for this construction project were also provided to various contractor organizations and builders' exchanges. In addition, when the project commences, the contractor, as stated in the specifications, will provide advance notification regarding working hours, duration of project and any appropriate schedule and lane closures to affected businesses and residents.

COORDINATION

This memo has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Transportation and Aviation Services City Service Area policy outcomes related to ensuring safety, providing viable choices and enhancing community livability. On June 22, 2010, the Council approved the Americans with Disabilities Act (ADA) Transition Plan for sidewalks establishing a goal for completing curb ramps at priority locations by 2020 and all Citywide locations by 2040.

COST IMPLICATIONS

1. COST OF PROJECT:

Project Delivery/Development	\$151,031.50
Construction Contract	\$1,510,315.00
Contingency	<u>\$75,515.75</u>
TOTAL PROJECT COSTS:	\$1,736,862.25

2. COST ELEMENTS OF CONSTRUCTION CONTRACT:

Utility Work	\$36,085.00
Asphalt Concrete Removal and Replacement	\$84,480.00
Curb Ramp and Sidewalk Work	<u>\$1,389,750.00</u>
TOTAL CONSTRUCTION CONTRACT COSTS:	\$1,510,315.00

3. SOURCE OF FUNDING: 465 – Construction Excise Tax Fund

4. FISCAL IMPACT: This project will have no net operating and maintenance costs to the General Fund.

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the contract recommended as part of this memo, including project delivery, construction and contingency costs.

Fund #	Appn #	RC #	Appn. Name	Total Appn	Estimated Amt. for Contract	2012-2013 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
465	5231	116845	ADA Sidewalk Accessibility Program	\$1,823,000	\$1,585,830.75	V-830	10/16/2012, Ord. No. 29163
Total Current Funding Available =				\$1,823,000	\$1,585,830.75		

HONORABLE MAYOR AND CITY COUNCIL
November 5, 2012
Subject: 2012 ADA Accessibility Ramps Project
Page 5 of 5

CEQA

Exempt, File No. PP08-186.

/s/
HANS F. LARSEN
Director of Transportation

For questions please contact Rene Cordero, Division Manager for Infrastructure Maintenance at
(408) 794-1986.

Attachment

2012 ADA ACCESSIBILITY RAMPS PROJECT
Summary of Locations

Council District	Location	Quantity
1	Akron Wy & Northlake Dr	3
1	Akron Wy & Troy Dr	2
1	Akron Wy & Westlake Dr	2
1	Amber Dr & Phelps Av N	2
1	Amber Dr & Phelps Av S	3
1	Ancil Wy & Shearton Dr	2
1	Beaumont Dr & Del Cambre Dr	2
1	Blanco Dr & Eastus Dr	3
1	Brentwood Dr & Cherrywood Dr	2
1	Carola Av & San Tomas Rd	1
1	Cherrywood Ct & Cherrywood Dr	2
1	Cherrywood Dr & Longwood Ln	2
1	Cherrywood Dr & Rockdale Dr	2
1	Chesley Dr & Tilbury Dr	2
1	Del Cambre Dr & Eastus Dr	3
1	Del Cambre Dr & Williams Rd	2
1	Garrans Dr & San Tomas Rd	2
1	Grimsby Dr & Weston Dr	4
1	Hamilton Park Dr & San Tomas Rd	2
1	Kiely Bl & Northlake Dr	4
1	Northlake Dr & Trina Wy	2
1	Norwich Wy & Weston Dr	2
1	Parkland Av N & Phelps Av	2
1	Parkland Av S & Phelps Av	2
1	Phelps Av & Speno Dr	2
1	Rincon Av & Weston Dr	3
1	San Tomas Rd & Vallejo Dr	2
1	Tilbury Dr & Weston Dr	2
2	Avenida Grande & Via Bella	1
2	Birmingham Ct & Birmingham Dr	2
2	Branham Ln & Poston Dr	2
2	Brenda Lee Dr & Willamette Dr	2
2	Colleen Dr & Shadelands Dr	1
2	Cozy Dr & Glider Dr	1
2	Hopi Ci & Hopi Ct	2
2	Hopi Ci & Willamette Dr	2
2	Poston Dr & Rue Bordeaux	2
2	Poston Dr & Rue Cannes	2
2	Rotherhaven Wy & Valleyhaven Wy	2
2	Rue Cannes & Rue Loiret	2
2	Rue Cannes & Rue Lyon	4
2	Rue Cannes & Rue Nice Ct	4
2	Rue Cannes & Rue Orleans Ct	4
3	Arnold Av & Rosemary St	2

Council District	Location	Quantity
3	Auzerais Av & Gifford Av	2
3	Eighteenth St & Taylor St	4
3	Eleventh St & San Salvador St	1
3	Fifteenth St & Taylor St	2
3	Forrestal Av & Rosemary St	2
3	Fourteenth St & Taylor St	4
3	Keoncrest Av & Rosemary St	2
3	Mabury Rd & Taylor St	1
3	Rosemary St & San Juan Av	2
3	Rosemary St & Santa Paula Av	2
3	Santa Paula Av & Sonora Av	2
3	Seventeenth St & Taylor St	4
3	Sixteenth St & Taylor St	2
3	Taylor St & Thirteenth St	2
4	Clearview Dr & Glen Firth Dr	2
4	Creekside Dr & Messina Dr	2
4	Dillon Ct & Gilchrist Dr	2
4	Gilchrist Dr & Golzio Ct	2
4	Gilchrist Dr & Wyman Wy N	2
4	Gilchrist Dr & Wyman Wy S	2
4	Goldenlake Rd & Goldrush Ct	2
4	Goldenlake Rd & Oldbridge Rd	2
4	Goldenlake Rd & Rue Avati	4
4	Goldenlake Rd & Sageland Dr & Sierra Rd	2
4	Mira Vista Ci & Noble Av E	3
5	Clayton Rd & Mt Pleasant Rd	2
5	Columbine Dr & Mt Pleasant Rd	2
5	Educational Park Dr & Schulte Dr	1
5	Fall Av & Mt Pleasant Rd	1
5	Griffith St & Story Rd	2
5	Marten Av & Mt Kenya Dr	2
5	Mt Kenya Dr & Mt Madonna Dr	2
5	Mt Kenya Dr & Mt Prieta Dr	2
5	Mt Kenya Dr & Mt St Helena Dr	2
5	Mt Kenya Dr & Rocky Mountain Dr	3
6	Bascom Av & Emory St	4
6	Baywood Av & Clifton Av	2
6	Baywood Av & Westfield Av	2
6	Baywood Av & Williams Rd	2
6	Blackford Ln & Meridian Av	2
6	Buena Vista Av & Martin Av	2
6	Buena Vista Av & Sierra Av	2
6	Camino Pablo & Willow St	2
6	Camino Ricardo & Willow St	2
6	Castlemont Av & Driftwood Dr	3
6	Castlemont Av & Fireside Dr	2
6	Castlemont Av / Castlemont St & Payne Av	2

Council District	Location	Quantity
6	Central Av & Clifton Av	1
6	Cherry Av & Minnesota Av	4
6	Cherry Av & Willow St	2
6	Cherrydale Dr & Hamilton Av	2
6	Cherrystone Dr & Monroe St	2
6	Cherrystone Dr & Sunny Vista Dr	2
6	Clifton Av & Clover Av	2
6	Clifton Av & Daniel Wy & S Daniel Wy	2
6	Clifton Av & Genevieve Ln	1
6	Clover Av & Williams Rd	1
6	Clover Av N & Neal Av	2
6	Curtner Av & Lansford Av	2
6	Curtner Av & Shibley Av	2
6	Dale Av & Lupton Av	4
6	Dana Av & Hanchett Av	2
6	Dana Av & Martin Av	4
6	Dana Av & Martin Av S	2
6	Daniel Wy & Homewood Dr	2
6	Daniel Wy / S Daniel Wy & Williams Rd	2
6	Driftwood Dr & Teakwood Dr	2
6	Fireside Dr & Greenbriar Av	6
6	Fireside Dr & Redoaks Dr	4
6	Fireside Dr & Woodlawn Av	2
6	Gaton Dr & Hamilton Av	2
6	Genevieve Ln & Homewood Dr	2
6	Genevieve Ln & Ori Av	2
6	Genevieve Ln & Scott St	4
6	Genevieve Ln & Westfield Av	3
6	Genevieve Ln & Williams Rd	2
6	Greenbriar Av & Neet Av	2
6	Greenbriar Av & Payne Av	1
6	Greenbriar Av & Walgrove Wy	2
6	Greenbriar Av & Westfield Av	4
6	Greentree Wy & Westfield Av	2
6	Hanchett Av & Martin Av	2
6	Hanchett Av & Sequoia Av	4
6	Hanchett Av & Tillman Av	4
6	Homewood Dr & Monroe St	4
6	Lupton Av & Mildred Av	4
6	Lupton Av & Minnesota Av	2
6	Marlyn Wy & Norval Wy	2
6	Martin Av & Sequoia Av	4
6	Martin Av & Shasta Av	2
6	Martin Av N & Park Av	2
6	Meridian Av & Willowbrae Av	1
6	Minnesota Av & Newport Av	2
6	Monroe St & Sunny Vista Dr	2

Council District	Location	Quantity
6	Monroe St & Williams Rd	1
6	Monroe St / S Monroe St & Neal Av	2
6	Morse St & Randol Av	1
6	Neet Av & Walgrove Wy	1
6	Newport Av & Norval Wy	4
6	Park Av & Sierra Av N	2
6	Park Av & Sierra Av S	2
6	Park Av & Yosemite Av	4
6	Redoaks Dr & Westfield Av	2
6	Sequoia Av & Sierra Av	2
6	Sierra Av & Willard Av	2
7	<i>Note: 27 ramps were installed in Council District 7 in 2011 using CDBG funds.</i>	
8	Amos Wy & Beckley Dr	1
8	Beebe Ci & Fowler (w) Rd	2
8	Beebe Ci & Fowler Rd E	2
8	Burl Wy & Yerba Buena Av	2
8	Coldwater Dr & Hayworth Dr	4
8	Daniel Maloney Dr / Elkins Wy & Nieman Bl	1
8	Edenbank Dr & Stevens Ln	2
8	Pinegate Wy & Ruby Av	1
8	Ravens Place Wy & Whinney Place Wy	3
9	Adelaide Wy & Emiline Dr	2
9	Adelaide Wy & Sandy Ln	2
9	Avalon Dr & Kring Dr	4
9	Avalon Dr & Lansford Av	4
9	Avalon Dr & Tahoe Wy	2
9	Avalon Dr & Westgate Av	4
9	Blossom Acres Dr & Blossom Valley Dr	2
9	Blossom Dale Dr & Blossom Valley Dr	2
9	Blossom Valley Dr & Taft Dr	5
9	Booksin Av & Koch Ln	4
9	Brenda Av & Rafton Dr	2
9	Calistoga Dr / Sutro Dr & Leigh Av	1
9	Camden Av & Nora Wy	2
9	Camden Av & Petri Pl	2
9	Cardel Wy & Elrose Av	2
9	Chevalier Dr & Elrose Av	2
9	Clarinda Wy & Emiline Dr	2
9	Clarinda Wy & Sandy Ln	3
9	Cody Wy & Leigh Av	2
9	Comstock Ln & Leigh Av	2
9	Comstock Wy & Hudson Dr	2
9	Coralee Dr & Rafton Dr	2
9	Cornell Dr & Princeton Dr	2
9	Coronet Dr & Taft Dr	3
9	Dalton Dr & Rafton Dr	4

Council District	Location	Quantity
9	Dent Av & Princeton Dr	3
9	Elden Dr & Horace Av	2
9	Elrose Av & Los Gatos Almaden Rd	2
9	Elrose Av & Michon Dr	2
9	Emiline Dr & Laurinda Dr	3
9	Emiline Dr & Los Gatos Almaden Rd	2
9	Flood Dr & Leigh Av	2
9	Forman Av & Kirk Rd	2
9	Funston Dr & Upton Wy	2
9	Gattucio Dr & Rafton Dr	4
9	Gavota Av & Hallmark Ln	2
9	Gavota Av & Kirk Rd	2
9	Gavota Av & Silverwood Dr	2
9	Gavota Av & Willowmont Av	2
9	Glenridge Dr & Kenton Ln	3
9	Gunston Wy & Sally Dr	2
9	Haines Av & Upton Wy	2
9	Hallbrook Dr & Kirk Rd	2
9	Harvard Dr & Princeton Dr	2
9	Inglis Ln & Petri Pl	2
9	Jacob Av & Kirk Rd	2
9	Kenton Ln & Normington Wy	1
9	Kenton Ln & Scots Glen Ct	2
9	Kenton Ln & Walglen Ct	2
9	Kersten Dr & Ledgewood Dr	2
9	Kirk Rd & Lollie Ct	2
9	Kirk Rd & Matson Dr	2
9	Kirk Rd & Milroy Pl	2
9	Kirk Rd & Noreen Dr	3
9	Kirk Rd & Willowmont Av	4
9	Laurinda Dr & Sandy Ln	5
9	Ledgewood Dr & Manda Dr	2
9	Leigh Av & Mesita Wy	1
9	Leigh Av & Orange Grove Dr	1
9	Leigh Av & Ross Av	2
9	Lenora Av & Rafton Dr	2
9	Lodi Ln & Lorenzen Dr	2
9	Los Gatos Almaden Rd & Sandy Ln	1
9	Mirassou Dr & Rafton Dr	4
9	Pearl Av & Upton Wy	2
9	Princeton Dr & Vassar Dr	2
9	Princeton Dr & Yale Dr	2
9	Rochelle Dr / Coit Dr & Leigh Av	4
9	Rosswood Dr & Union Av	4
9	Starbright Dr & Twilight Dr	4
9	Stratford Av & Twilight Dr	4
9	Sunrise Dr & Twilight Dr	4

Council District	Location	Quantity
9	Taft Dr & Westchester Dr	3
9	Upton Ct & Upton Wy	2
9	Upton Wy & Wessex Dr	2
10	Albion Dr & Luneta Dr	2
10	Albion Dr & Meg Dr	2
10	Alvarado Ct & Coleman Rd	2
10	Birmingham Dr & Hyde Park Dr	2
10	Birmingham Dr & Wellington Park Dr	2
10	Brooktree Wy & Carrabelle Wy	1
10	Cahalan Av & Chemeketa Dr	2
10	Cahalan Av & Coffey Ct	2
10	Cahalan Av & Colleen Dr	2
10	Cahalan Av & Dubanski Dr	2
10	Cahalan Av & Lalor Dr	2
10	Cahalan Av & Pescadero Dr	2
10	Camden Av & Dalmeny Ct	2
10	Camden Av & Shearwater Dr	2
10	Camden Av & Taglio Ct	2
10	Carabelle Wy & Shearwater Dr	2
10	Chesbro Av & Colleen Dr	3
10	Coleman Rd & Monteval Ln	2
10	Coleman Rd & Via Madero Dr	2
10	Colleen Dr & Glendora Ct	4
10	Colleen Dr & Rocky Glen Ct	2
10	Colleen Dr & Sunset Glen Dr	2
10	Colleen Dr & Valley Glen Ct & Valley Glen Dr	4
10	Crossgates Ln & Mcabee Rd	2
10	Firefly Dr & Nancarrow Wy	1
10	Foothill Dr & Foothill Glen Dr	2
10	Foothill Dr & Hillrose Dr	1
10	Foothill Glen Ct & Foothill Glen Dr	2
10	Foothill Glen Dr & Santa Teresa Bl	1
10	Foxshallow Ct & Shearwater Dr	3
10	Glenburry Wy & Stardust Ln	1
10	Hyde Park Dr & Wellington Park Dr	2
10	Juli Lynn Dr & Mcabee Rd	2
10	Lyonsville Ln & Waltrip Ln	2
10	McAbee Rd & McAbee Estates Pl & Pampas Dr	2
10	Mcabee Rd & Mojave Dr	2
10	McAbee Rd & Peralta Ct / Peralta Dr	2
10	Quail View Wy & Valley Quail Ci	1
10	Shearwater Dr & Tunbridge Wy	2
10	Shearwater Dr & Woodthrush Ct	3
10	Stardust Ln & Sunny Oaks Dr	2
10	Wellington Park Dr & Wellington Park Ct	2



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL AND CITY
OF SAN JOSE FINANCING
AUTHORITY BOARD

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: November 5, 2012

Approved

Date

11/13/12

**SUBJECT: ACTIONS RELATED TO THE CITY OF SAN JOSE FINANCING
AUTHORITY'S COMMERCIAL PAPER PROGRAM**

RECOMMENDATION

It is recommended that the City Council adopt a resolution to:

- a. Authorize the negotiation, execution, and delivery of an Amended and Restated Letter of Credit and Reimbursement Agreement for the City of San José Financing Authority's Lease Revenue Commercial Paper Notes Program for an alternate credit facility and to authorize other related actions.

It is recommended that the City of San José Financing Authority Board adopt a resolution to:

- a. Authorize the negotiation, execution, and delivery of an Amended and Restated Letter of Credit and Reimbursement Agreement for the City of San José Financing Authority's Lease Revenue Commercial Paper Notes Program for an alternate credit facility and to authorize other related actions.

OUTCOME

Approval of these recommendations will result in the execution and delivery of an Amended and Restated Letter of Credit and Reimbursement Agreement that provides for an alternate credit facility to extend credit support of the City of San José Financing Authority's Lease Revenue Commercial Paper Notes Program to March 15, 2013.

BACKGROUND

Commercial Paper Program

The Commercial Paper (“CP”) Program utilizes a lease revenue financing structure. Under this program, the City of San José Financing Authority (the “Authority”) is able to issue commercial paper notes (“CP Notes”) at prevailing interest rates for periods of maturity not to exceed 270 days. Although the maturity of a CP Note may not exceed 270 days, the Authority may issue additional CP Notes to pay off the maturing notes instead of repaying the principal and interest owed on the maturing CP Notes.

The CP Notes are currently secured by a pledge of lease revenues from various City assets. The City has leased to the Authority various City-owned facilities pursuant to a Site Lease (as amended, the “Site Lease”). The Authority subleased these same facilities back to the City pursuant to a Sublease (as amended, the “Sublease”) in exchange for the rental payments which support repayment of the CP Notes. The facilities subject to the Site Lease and Sublease are the Tech Museum, the Animal Care Center, Fire Station No. 1, and the South San José Police Substation.

The Authority issues the CP Notes under the applicable provisions of California law pursuant to an Amended and Restated Trust Agreement between the Authority and Wells Fargo Bank, National Association (as amended and supplemented, the “Trust Agreement”) and an Amended and Restated Issuing and Paying Agent Agreement between the Authority and Wells Fargo Bank, National Association. Barclays Capital, Inc. serves as the dealer for the CP Notes pursuant to an Amended and Restated Commercial Paper Dealer Agreement.

The CP Program was initially established in January 2004 and has been amended and expanded through various City Council and Authority Board actions over time. A summary of these program amendments is provided in Attachment A.

Current Letter of Credit – Expiration

The CP Notes are currently secured by a direct-pay letter of credit (“LOC”) provided by State Street Bank and Trust Company (“State Street”) and the California State Teachers’ Retirement System (“CalSTRS”) and, together with State Street, the “Current Banks”) pursuant to the Letter of Credit and Reimbursement Agreement by and among the Current Banks, State Street as agent for the Current Banks, the City and the Authority (as amended, the “Letter of Credit Agreement”). Per the terms of the Letter of Credit Agreement, the Current Banks are separately, not jointly, responsible for payments on all draws made on the LOC, with State Street obligated for 75% and CalSTRS obligated for 25% of all payments. The current LOC expires on January 27, 2013.

ANALYSIS

CalSTRS notified the Finance Department that it would not continue to provide credit support to the CP Program beyond the expiration of the current Letter of Credit Agreement. In response, in September 2012, the Finance Department released a Request for Proposals to banks requesting direct-pay letters of credit or alternative credit products to extend support for the CP Program beyond the expiration date. State Street and U.S. Bank (the "Proposed Banks") responded as joint providers, with each providing 50% of credit support to the CP Program. However, the Proposed Banks recommended an effective date of February 14, 2013 under the condition of full repayment of the City's outstanding \$100 million of 2012 Tax and Revenue Anticipation Notes ("2012 TRAN") with U.S. Bank prior to the closing.

To facilitate the extension of the LOC until after the repayment of the 2012 TRAN on February 14, 2013, State Street has agreed to provide a letter of credit, without CalSTRS, to support the CP Program from the January 27, 2013 termination date of its current LOC commitment to March 15, 2013 under the same terms in the current Letter of Credit Agreement. This extension will allow the City to negotiate new Letter of Credit and Reimbursement Agreements with State Street and U.S. Bank to provide credit facilities with a term of 2.5 years to support the CP Program.

State Street's LOC commitment is sufficient to support the CP Notes currently outstanding on a stand-alone basis. The following table summarizes the proposed short-term extension of the LOC to March 15, 2013:

Banks	Current LOC Expiring January 27, 2013	Proposed LOC Expiring March 15, 2013
State Street	\$93,435,750	\$93,435,750
CalSTRS	<u>31,145,250</u>	<u>0</u>
Total Commitment	\$124,581,000	\$93,435,750
Less: Interest Coverage	<u>8,581,000</u>	<u>6,435,750</u>
CP Issuance Capacity	<u>\$116,000,000</u>	<u>\$87,000,000</u>
CP Outstanding as of 11/1/12	\$45,348,000	

The form of the Amended and Restated Letter of Credit and Reimbursement Agreement with State Street and the authorizing resolutions of the City Council and the Authority will be posted to the agenda webpage for the joint meeting of the City and the Authority on or about November 15, 2012. Staff recommends that the Executive Director or Treasurer of the Authority or their designees (the "Authority Designated Officers") be authorized to execute these amendments as posted, on behalf of the Authority and that the City Manager or the Acting Director of Finance or their designees (the "City Designated Officers") be authorized to execute this agreement, as posted, on behalf of the City, as applicable, with such modifications as the Authority Designated

Officers or the City Designated Officer determines to be desirable or appropriate, upon consultation with the City Attorney.

Financing Team Participants

The financing team participants consist of:

City's Financial Advisor:	Public Resources Advisory Group
Bond Counsel:	Jones Hall, A Professional Law Corporation
Letter of Credit Bank:	State Street Bank and Trust Company
Bank Counsel:	Nixon Peabody
Trustee/Issuing and Paying Agent:	Wells Fargo Bank
CP Dealer:	Barclays Capital Inc.

Financing Schedule

The current proposed schedule is as follows:

Council approval of amendments to financing documents:	November 27, 2012
Document closing:	January 14, 2013

EVALUATION AND FOLLOW-UP

Staff will be coming back to City Council and the Authority Board in the first quarter of 2013 with recommendations for letters of credit that will provide credit support of the CP Program with State Street and U.S. Bank following the repayment of the 2012 TRAN on February 14, 2013.

PUBLIC OUTREACH/INTEREST

The form of the proposed amendment will be posted to the agenda webpage for the joint meeting of the City and the Authority on or about November 15, 2012.

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 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)**
- Criteria 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)**

COORDINATION

This report was prepared by the Finance Department in coordination with the City Attorney's Office.

COST SUMMARY/IMPLICATION

Compensation for professional services (bond counsel and bank counsel) and other related costs will be paid from the 2012-13 appropriations, shown below, for debt service and associated costs. In addition to this, a component related to the Redevelopment Agency will be paid for according to the Recognized Obligation Payment Schedule.

Appropriation	Fund
7005 - Interest on Phase II Commercial Paper	Construction Tax and Property Conveyance Tax Fund: Service Yards Purpose
3414 – IBS Commercial Paper Payment	Integrated Waste Management Fund
3414 – IBS Commercial Paper Payment	Water Utility Fund
3624 – HP Improvements – Debt Service	San Jose Arena Enhancement Fund
3792 – Commercial Paper Debt Service	Convention and Cultural Affairs Fund

The City's financial advisor work is on a time and materials basis and is paid through an existing agreement managed by the Finance Department, and actual costs will not be determined or billed until the final LOC extension has been negotiated. Any necessary budget adjustments due to the final outcome of negotiations with the Current Banks and Proposed Banks or the LOC extension process will be brought forward at the City Council meeting with the other actions related to the LOC extensions.

CEQA

Not a project, PP10-069, City organizational and administrative activities.

/s/
JULIA H. COOPER
Acting Director of Finance

For questions, please contact Maria Öberg, Acting Treasury Division Manager, Finance, at (408) 535-7041.

Attachment A

Date	City Council/City of San José Financing Authority Board Actions
January 13, 2004	Authorized the issuance of tax-exempt CP Notes in an amount not to exceed \$98 million to finance public improvements of the City including the offsite parking garage for the new City Hall and non-construction costs for technology, furniture, equipment, and relocation services for the new City Hall.
November 9, 2004	Authorized the issuance of tax-exempt CP Notes to provide additional funding for the "Integrated Utility Billing, Customer Service and Performance Management System" (the "CUSP Project").
June 21, 2005	Authorized the issuance of taxable CP Notes, under the same \$98 million not to exceed limitation as the tax-exempt notes. This subsequent authorization permits the Authority to issue taxable CP Notes to pay for expenses otherwise authorized under the CP Program, but ineligible to be paid from tax-exempt CP proceeds.
November 15, 2005	Authorized expanding the capacity of the CP Program from \$98 million to \$116 million and authorizing the issuance of CP Notes to pay a portion of the costs of the Phase II improvements at the City's Central Service Yard and a portion of the demolition and clean-up costs at the City's Main Service Yard.
May 22, 2007	Authorized the issuance of CP Notes in an amount not to exceed \$8.25 million to pay for capital improvements at the City's HP Pavilion.
October 21, 2008	Authorized the issuance of CP Notes to refund bonds and other obligations of the City or the Authority pursuant to Government Code Sections 53570 et seq and 53580 et seq.
December 8, 2009	Authorized staff to amend and renew the Letter of Credit and Reimbursement Agreement supporting the CP Notes in order to extend the term to January 27, 2013.
April 27, 2010	Authorized the issuance of CP Notes to fund a loan to the low and moderate income housing fund and to fund short-term cash flow needs of the City.
March 15, 2011	Authorized the execution and delivery of a Third Amendment to the Site Lease, a Third Amendment to the Sublease, and other related actions pertaining to the Authority's Lease Revenue Commercial Paper Program in order to provide for the substitution of certain components of the property under the Site Lease and the Sublease. The facilities currently subject to the Site Lease and Sublease are: the Tech Museum, the Animal Care Center, Fire Station No. 1, and the South San José Police Substation.
June 19, 2012	Authorized the issuance of CP Notes in an amount not to exceed \$10.0 million to provide funding for additional projects for the Convention Center Expansion and Renovation Project.