

applicable to fully or partially fund those projects listed herein. Furthermore, the redevelopment plans for Milpitas Redevelopment Project Area No. 1 and the Great Mall Redevelopment Project, which are kept on file with City staff and are incorporated by reference herein, list and outline the need for the various projects. The implementation plans for the Project Areas, which are kept on file with City staff and are incorporated by reference herein, also address and outline the need for these projects.

Fiscal Impact: Funds are available in the Redevelopment Fund.

Recommendation: Adopt a Resolution approving the Cooperative Agreement and amending the Public Works Agreement between the City and Agency.

***RA7. Adopt a Resolution Authorizing the Agency Executive Director to Negotiate and Execute Agreement(s) to Purchase for \$1.8 Million and for Rental and Property Management Services of 1432–1440 South Main Street (Staff Contact: Diana Barnhart, 586-3059)**

Background: The current property owners of 1432 to 1440 South Main Street expressed interest in Agency acquisition of their property last fall. The property is strategically located for South Main Street redevelopment as envisioned in the Midtown Specific Plan to strengthen housing and mixed use in the area. The property appraised at \$1,750,000, although the appraiser rounded down from \$1.766 million in determining site value. Because this acquisition is in furtherance of the Agency's redevelopment program established for the Midtown Specific Plan, staff recommends acceptance of the purchase price of \$1.8 million as within the reasonable range of fair market value. This purchase price is approximately \$40.00 per square foot (psf). In comparison, the purchase price for the property at 1504–1620 South Main Street was \$46.76 psf.

The site has several businesses on either month-to-month or short-term leases and one apartment. Terms of negotiation will allow the current owners to relocate their business to another space on the property and maintain the apartment. If the Agency approves staff recommendations, staff will negotiate rental agreements with the existing tenants for a period not to exceed two years. Staff has asked the current property owners to serve as property manager and to provide on-site security services. If agreed to, we will also negotiate a property management and security agreement for their services. This will allow for a more seamless transition in ownership for the tenants for the next two years.

Fiscal Impact: The Redevelopment Housing Set Aside Fund has sufficient funds to loan the necessary funds to the Project Fund (non-housing redevelopment fund) to cover the purchase of the property.

Recommendations:

1. Adopt a resolution authorizing the Agency Executive Director to negotiate and execute agreement(s) to purchase for \$1.8 million and for rental and property management services of 1432–1440 South Main Street.
2. Approve a \$1.8 million loan from the Redevelopment Housing Set Aside Fund to the Project Fund for the purchase of the property and to give authorization to the Agency Director to execute all documents necessary to effectuate that loan.
3. Approve a Budget Change Form.

***RA8. Authorize the Agency Executive Director and City Manager to Execute a Contract to Purchase Assessor Parcel Nos. 86-41-016, -017, and -018 totaling 10.89 Acres Along McCandless Drive for \$21.7 Million (Staff Contacts: Diana Barnhart, 586-3059, and James Lindsay, 586-3273)**

Background: Mission West Properties, L.P. II, has offered to sell three parcels totaling 10.89 acres of developed land located along the east side of McCandless Drive to the Redevelopment Agency for \$21.7 million paid over five years. The intended use of these parcels is for the future

development of a joint community park and elementary school pursuant to Transit Area Specific Plan Policy 3.49. The offered land price is supported by the average value (\$2,003,760) of one acre of land adopted by the City Council on March 16, 2010 for the purposes of calculating park in-lieu fees.

A condition of this sale is the City completing amendments to the General Plan, Transit Area Specific Plan (TASP), and Zoning Map to change the land use designation of two other properties owned by Mission West Properties located along Montague Expressway from Boulevard Very High Density Mixed Use (MXD3) to High Density Transit Orientated Residential (R3) by August 2011. These changes would reduce the minimum residential density on these properties from 41 dwelling units per acre to 21 units per acre. The owner is requesting these changes to facilitate the sale of these properties to residential builders. This request is consistent with the current state of the housing market where funding for new high density construction is severely limited.

Fiscal Impact: The Housing Fund will loan the necessary funds to the Project Fund. The City will also use park in-lieu fees collected from residential builders developing nearby properties currently owned by the seller during the payment period towards this purchase.

Recommendations:

1. Authorize the Agency Executive Director and City Manager to execute a contract to purchase assessor parcel nos. 86-41-016, -017, and -018 totaling 10.89 acres for \$21.7 million.
2. Approve a \$21.7 million loan between the Housing and Project Funds, and give authority to City Manager/Executive Director to execute all documents necessary to effectuate that loan.

***RA9. Adopt a Resolution Authorizing Staff to Form a Nonprofit Economic Development Corporation and to Contract with the Corporation for Services and the Development of Projects (Staff Contact: Bryan Otake, 586-3040)**

Background: The creation of a nonprofit economic development corporation would provide a useful means of streamlining and providing support for economic development and redevelopment in Milpitas. When fully formed, the nonprofit corporation would be able to solicit and generate funds for promotion of public and private developments, stimulate economic development, encourage and manage the construction of infrastructure, and eliminate blight.

A nonprofit would be able to accept responsibility for the implementation of some or all of the redevelopment plans for the Milpitas Redevelopment Agency, as set forth by agreement or other official action. A nonprofit would also be able to collect tax deductible donations from businesses and individuals for the purposes of urban renewal, job creation, transportation improvements, and other quality of life improvements.

To this end, it is recommended that the City Council and the Agency Board authorize the City Manager and the City Attorney take all necessary actions to form a nonprofit economic development corporation, under the name of the Milpitas Economic Development Corporation or other similar title. The board of directors of said nonprofit corporation would be made up of the City Council. Its purposes would be set forth in the articles of incorporation, but would cover amongst other things the general purposes of the promotion of public and private developments, stimulating economic development, the construction of infrastructure, and the elimination of blight and to act as successor to the Redevelopment Agency should said entity ever cease to exist or function. It is also recommended that the City Manager be appointed as the nonprofit corporation's executive director or president and be authorized to enter into operating or service agreements with the Redevelopment Agency of the City of Milpitas for the development and implementation of projects listed in the redevelopment and implementation plans for the Great Mall Redevelopment Project and Milpitas Redevelopment Project Area No. 1 and for other redevelopment and economic purposes.

Agency in the future with a recommendation

Additionally, in the Vice Mayor’s motion, direct staff on minimal time to evaluate modifying the Community Center site as a conference center to determine what it would cost, the benefits etc. and come back to the Agency before doing anything else.

Motion/Second: Vice Chair/Vice Mayor McHugh / Agency/Councilmember Giordano

Councilmember Polanski responded that if the City Manager felt staff had time to evaluate these in coming months, she was ok to move forward with the motion. However, she was not inclined to support it just to find things for staff to do. Otherwise, table this topic until after the budget is addressed. Mr. Gomez concurred with her.

Mayor Esteves supported the motion, since he knew the demand was there, based on the waiting time for rental of facilities such as the Community Center.

Motion carried by a vote of: AYES: 3
NOES: 2 (Gomez, Polanski)

*RA6. Resolution Amending Agreement

Adopted Joint Resolution No. RA404 / 8060 approving the Cooperative Agreement and amending the Public Works Agreement between the City and Agency.

*RA7. Resolution Related to Purchase of Property

1. Adopted Resolution No. RA405 authorizing the Agency Executive Director to negotiate and execute agreement(s) to purchase for \$1.8 million and for rental and property management services of 1432–1440 South Main Street.
2. Approved a \$1.8 million loan from the Redevelopment Housing Set Aside Fund to the Project Fund for the purchase of the property and to give authorization to the Agency Director to execute all documents necessary to effectuate that loan.
3. Approved a Budget Change Form.

RA8. Contract to Purchase Property

This item was removed from the consent calendar.

Mayor Esteves asked questions on the appraisal of this land. Planning Director James Lindsay responded that the appraisal was based on the average value of one acre of land value established last year by Smith & Associates (as was done every year). Staff confirmed it was still current. Mayor Esteves questioned that assessment.

The Mayor wanted to know if land had been tested for toxicity, since a school site had been suggested. Mr. Lindsay said yes, the land was clear. Development was happening incrementally in the Transit Area Specific Plan, and this location would be a key acquisition.

The Mayor asked the City Attorney if it was ok to ask a question that a resident asked him, which was whether any developer in this area had given campaign contributions to elected officials. City Attorney Ogaz did not know a specific response to that question.

Ms. Barnhart pointed out the City planned to proceed with rezoning for development potential in this area of the City.

Councilmember Gomez asked questions on a school site versus parkland here. When the Transit Area Specific Plan was adopted, it was suggested there be partnership with school district for playing fields, shared by both the City and MUSD.

City Manager Williams replied that the school district analyzed the seven acre site, for possible school use. If the Agency purchased the land, it could control use of the site into the future, working with the school district. The City Manager explained that working with the property owner, staff came up with the large site of land that RDA could purchase.

Mr. Gomez said it was wonderful to have the staff's proposal for 10.88 acres total acquisition.

Councilmember Polanski concurred with Mr. Gomez' comments. It was a great opportunity to have a possible school site. When the school district needed a site in the future, it could set up a JPA or partnership with the City (land owner) and the MUSD could lease it for a school.

Motion:

1. Authorize the Agency Executive Director/City Manager to execute a contract to purchase Assessor Parcel No. 86-41-016, No. 86-41-017, and No. 86-41-018 totaling 10.89 acres for \$21.7 million.
2. Approve a \$21.7 million loan between the Housing and Project Funds, and authorize the City Manager/Executive Director to execute all documents necessary to effectuate that loan.

Motion/Second: Vice Chair/Vice Mayor McHugh / Agency/Councilmember Giordano

Motion carried by a vote of: AYES: 5
NOES: 0

*RA9. Resolution Forming Economic Development Corp. Adopted Joint Resolution No. RA406/ 8061 authorizing staff to form a nonprofit economic development corporation and to contract with the corporation for services and the development of projects.

*RA10. Resolution for purchase of housing unit Adopted Resolution No. RA407 authorizing the purchase of one moderate-income affordable unit, 700 S. Abel Street #306.

RA 11. ADJOURNMENT Chair/Mayor Esteves adjourned the Redevelopment meeting at 10:24 PM.

REPORTS OF MAYOR AND COMMISSION

Two items were approved on the consent calendar.

NEW BUSINESS

4. Economic Development Report Economic Development Manager Diana Barnhart reported on a proposed "Community Outreach Program" with regard to Redevelopment. Three community sessions between this meeting and March 7 were planned at the Library and Community Center. Flyers would be distributed. The purpose was to highlight and educate the public on the great value to the City that redevelopment has provided, such as the Monte Vista apartments and I880-237 interchange, as two examples.

Mayor Esteves agreed the list of accomplishments in Milpitas was impressive. An introduction on how tax increment funding was used would be very good information to add to outreach material.

Councilmember Gomez saw pressure as part of a larger process, with letters, outreach to elected legislators, and more action on the issue of Redevelopment Agencies at the state. He inquired of staff about California Redevelopment Agency and the League of California Cities actions to support agencies. He felt that cities might have to go the route of "lawyering up." Ms. Barnhart detailed some CRA and LCC actions taken so far.

Mr. Gomez asked the City Manager about any lawsuits. Mr. Williams noted that on this date there was talk of reforming RDAs, rather than doing away with them. He commented there was a "wait and see" attitude at this moment.

Motion: receive the report from the Economic Development Manager and to proceed with the Community Outreach Program on redevelopment