



**MILPITAS CITY COUNCIL MEETING AGENDA
MILPITAS REDEVELOPMENT AGENCY MEETING AGENDA
TUESDAY, FEBRUARY 15, 2011**

6:00 P.M. (CLOSED SESSION) • 7:00 P.M. (PUBLIC BUSINESS)

SUMMARY OF CONTENTS

- I. CALL TO ORDER/ROLL CALL by the Mayor (6:00 p.m.)**
- II. ADJOURN TO CLOSED SESSION OF CITY COUNCIL**
- 1) CONFERENCE WITH LABOR NEGOTIATOR - COLLECTIVE BARGAINING**
Pursuant to CA Government Code §54957.6 City Negotiator: Carmen Valdez
Employee Groups: Milpitas Supervisors Association (MSA), Milpitas Employees Association (MEA)
Under Negotiation: Wages, Hours, Benefits, and Working Conditions
- 2) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Pursuant to CA government Code §54956.9, City of Milpitas as Plaintiff
- III. CLOSED SESSION ANNOUNCEMENT:** Report on action taken in Closed Session if required, pursuant to CA Govt. Code §54957.1, including the vote on abstention of each member present
- IV. PLEDGE OF ALLEGIANCE**
- V. INVOCATION** (Councilmember Polanski)
- VI. APPROVAL OF COUNCIL MEETING MINUTES** – February 1, 2011
- VII. SCHEDULE OF MEETINGS** – Council Calendars for February and March 2011
- VIII. PRESENTATION**
- Health for Humanity through Yoga Awareness* - presentation from the group and Mayor's proclamation of Yoga Awareness Day
- IX. PUBLIC FORUM**
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- Members of the audience are invited to address the Council on any subject not on tonight's agenda. Speakers must come to the podium, state their name and city of residence for the Clerk's record, and limit their remarks to three minutes. As an unagendized item, no response is required from City staff or the Council and no action can be taken; however, the Council may instruct the City Manager to agendize the item for a future meeting.
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- X. ANNOUNCEMENTS**
- XI. ANNOUNCEMENT OF CONFLICT OF INTEREST**
- XII. APPROVAL OF AGENDA**
- XIII. CONSENT CALENDAR** (Items with asterisk*)

Consent calendar items are considered to be routine and will be considered for adoption by one motion. There will be no separate discussion of these items unless a member of the City Council, member of the audience, or staff requests the Council to remove an item from or be added to the consent calendar. Any person desiring to speak on any item on the consent calendar should ask to have that item removed from the consent calendar. If removed, this item will be discussed in the order in which it appears on the agenda.

XIV. PUBLIC HEARING

- 1. Hold a Public Hearing and Introduce Water Ordinance No. 120.46 and Sewer Ordinance No. 208.47 to Amend Title VIII of the Milpitas Municipal Code to Establish Water and Sewer Rates (Staff Contact: Kathleen Phalen, 586-3345)**

XV. JOINT REDEVELOPMENT AGENCY AND CITY COUNCIL MEETING

RA1. Call to Order/Roll Call by the Mayor/Chair

RA2. Approval of Minutes – February 1, 2011

RA3. Approval of Agenda and Consent Calendar (Items with asterisk*)

Public Hearing (RA4. only)

RA4. Hold a Public Hearing and Adopt a Resolution Authorizing the Execution of an Agreement for the Development or Rehabilitation of Manufacturing Property, and the Financing of Facilities or Capital Equipment with Flextronics Americas, Inc. (Staff Contact: Diana Barnhart, 586-3059)

RA5. Receive an Update on the Proposed Milpitas Silicon Valley Conference Center and Provide Direction (Staff Contact: Diana Barnhart, 586-3059)

***RA6. Adopt a Resolution Adopting Findings and Authorizing the Execution of a Cooperative Agreement with the City of Milpitas and an Amendment to the Second Amended and Restated Public Works Agreement (Staff Contact: Diana Barnhart, 586-3059)**

***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)**

***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)**

***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)**

***RA10. Adopt a Resolution Authorizing the Purchase of One Moderate-Income Affordable Housing Unit (Staff Contact: Felix Reliford, 586-3071)**

RA11. Agency Adjournment

XVI. REPORTS OF MAYOR and COMMISSION

*** 2. Consider Mayor's Recommendation for Appointments to Three Milpitas Commissions (Contact: Mayor Esteves, 586-3051)**

*** 3. Approve the Senior Advisory Commission 2011 Work Plan (Staff Contact: Aaron Bueno, 586-3226)**

XVII. NEW BUSINESS

4. **Receive the Monthly Economic Development Report (Staff Contact: Diana Barnhart, 586-3059)**
5. **Receive a Report on the Barbara Lee Senior Center Operating Hours (Staff Contact: Bonnie Greiner, 586-3227)**
- * 6. **Approve Fee Waiver and In-Kind Donation of Equipment, Supplies, Facility Space and Staffing from Various City Departments for the 2011 American Cancer Society Relay For Life Event at the Milpitas Sports Center, June 17-19, 2011 (Staff Contact: Aaron Bueno, 586-3226)**

XVIII. ORDINANCE

7. **Consider and Vote on Required Actions to Establish a City of Milpitas Housing Authority (Staff Contact: Diana Barnhart, 586-3059)**

XIX. RESOLUTIONS

8. **Adopt a Resolution of Support for the “Let’s Move” Effort to Reduce Childhood Obesity (Contact: Mayor Esteves, 586-3029)**
- * 9. **Adopt a Resolution Approving the Tier 2 Drought Implementation Plan Pursuant to Section 3.11.C of the Water Supply Agreement with San Francisco Public Utilities Commission (Staff Contact: Kathleen Phalen, 586-3345)**
- * 10. **Adopt a Resolution Authorizing the City Manager to Execute the Extension of the Piggyback Agreement with Ricoh Americas Corporation through the City of San Jose Contract for Printers and Copiers (Staff Contact: Chris Schroeder, 586-3161)**
- * 11. **Adopt a Resolution Authorizing Staff to Apply for and Accept a “Trails and Open Space Grant Program” Grant from Santa Clara Valley Water District for the Alviso Adobe Renovation, Project No. 5055 (Staff Contact: Steve Erickson, 586-3301)**

XX. CONTRACT

- * 12. **Approve a Contract with PMC for the Development of a Qualified Climate Action Plan, Project No. 8200 (Staff Contact: Sheldon AhSing, 586-3278)**

XXI. ADJOURNMENT

**NEXT REGULAR CITY COUNCIL MEETING:
TUESDAY, MARCH 1, 2011, AT 7:00 P.M.**

KNOW YOUR RIGHTS UNDER THE OPEN GOVERNMENT ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and the City operations are open to the people's review.

For more information on your rights under the Open Government Ordinance or to report a violation, contact the City Attorney's office at Milpitas City Hall, 455 E. Calaveras Blvd., Milpitas, CA 95035
e-mail: mogaz@ci.milpitas.ca.gov / Fax: 408-586-3056 / Phone: 408-586-3040

The Open Government Ordinance is codified in the Milpitas Municipal Code as Title I Chapter 310 and is available online at the City's website www.ci.milpitas.ca.gov by selecting the Milpitas Municipal Code link.

Materials related to an item on this agenda submitted to the City Council/Redevelopment Agency after initial distribution of the agenda packet are available for public inspection at the City Clerk's Office/Information Desk at Milpitas City Hall, 455 E. Calaveras Blvd., Milpitas, and at the Milpitas Library during normal business hours.

APPLY TO BECOME A CITY COMMISSIONER!

Current vacancies exist for the:

Arts Commission/Public Art Committee (alternate)

Community Advisory Commission (alternate)

Emergency Preparedness Commission (large industry rep.)

Mobile Home Park Rental Review Board

Parks, Recreation & Cultural Resources Commission (alternate)

Recycling and Source Reduction Advisory Commission

Applications are available online at www.ci.milpitas.ca.gov or at the City Hall Information Desk.

Contact the City Clerk's office (586-3003) for more information.

If you need assistance, per the Americans with Disabilities Act, for any City of Milpitas public meeting, call the City Clerk at 586-3001 or send an email to mlavelle@ci.milpitas.ca.gov prior to the meeting. You may request a larger font agenda or arrange for mobility assistance. For hearing assistance, headsets are available in the Council Chambers for all meetings. TDD phone number (408) 586-3013.

AGENDA REPORTS

XIV. PUBLIC HEARING

1. **Hold a Public Hearing and Introduce Water Ordinance No. 120.46 and Sewer Ordinance No. 208.47 to Amend Title VIII of the Milpitas Municipal Code to Establish Water and Sewer Rates (Staff Contact: Kathleen Phalen, 586-3345)**

Background: The City of Milpitas sells potable water, recycled water, and sewer collection services to residential and business customers in the City. The City charges customers for these commodities at a rate that covers the City's cost. Staff has prepared the "Utility Rate Analysis" report, included in the Council packet, to describe the anticipated costs the City will incur to provide water and sewer for the next four years and show the recommended rate schedules for water and sewer. Staff recommends adopting maximum rates which would be the highest allowable rate the City could charge for water and sewer in the next four years, but charging actual rates that are expected to be lower and would be calculated each year administratively by staff. This would allow the City to more closely match rates to expenses over the next four years without having to do cumbersome ordinance adjustments.

Sixty percent of the City's cost to provide water is the wholesale purchase price. The City holds long-term supply contracts for wholesale potable water from the San Francisco Public Utilities Commission (SFPUC) and the Santa Clara Valley Water District (SCVWD). These contracts allow these suppliers to set wholesale prices to recover their cost of service. The remaining forty percent of the City's water cost is for operation and maintenance of the water distribution system. The City owns a complex distribution network of over 200 miles of pipe, operated as seven distinct pressure zones through use of pumping stations and pressure regulating valves to ensure that all areas of the City have a constant supply of pressurized water for fire fighting, public health and sanitation. The City's internal cost breaks down further with about one-third devoted to continuous investment in aging infrastructure upkeep and two-thirds for daily operations, including the labor, equipment, power, and supplies needed to monitor, test, and distribute the water; comply with regulatory requirements; administer supply contracts; bill customer accounts; and provide management, finance, legal, human resources, and security support.

The proposed water rate schedule is tabulated in Ordinance No. 120.46 (included in the Council packet). This structure contains individual rates for customer sectors. Staff is recommending changing from a 2-tier to 4-tier residential rate structure to better coordinate the cost of service to the rates and improve the water conservation incentive. This would be accomplished by splitting the first tier of 0 to 20 units into two equal tiers of 0 to 10 units and 11 to 20 units, and splitting the second tier of greater than 20 units into two more tiers of 21 to 30 units and greater than thirty units. In a bimonthly billing period, the typical single family in Milpitas uses 23 units of water. A unit is one hundred cubic feet which is equivalent to 748 gallons.

The proposed sewer rate schedule is tabulated in Ordinance No. 208.47, which is included in the Council packet. The costs for sewer have a similar distribution for the external treatment costs and the City's internal operation and maintenance costs. The City's sewer system contains over 180 miles of pipe and two pumping stations that collect and transport the sewage to the San Jose/Santa Clara Water Pollution Control Plant (WPCP) for treatment. About 60 percent of the City's cost goes to pay City of San Jose for sewage treatment and the remaining 40 percent is for the City's operation and maintenance of its sewer collection system.

Through use of rigorous cost controls including employee attrition, negotiated labor salary concessions, and reduction in use of supplies and services, the City has controlled its water and sewer direct labor costs to a stable level over the past three years. Unfortunately, the City's internal cost savings are more than offset by the tremendous increase in wholesale water costs

driven by the \$4.6 billion SFPUC Water System Improvement Program and sewer treatment costs driven by the planned \$2.2 billion WPCP reconstruction program, as more fully described in the “Utility Rate Analysis” report. These massive reinvestments into aging regional infrastructure are both necessary and beyond the City’s control.

California State Constitution Article XIII(D), also known as “Proposition 218,” gives the owners of lands receiving water and sewer services, whether residents or businesses, the right to protest water and sewer rate increases. The process is specifically for property owners and is not an election open to registered voters, the general public, or even the utility account holders unless these people also own the land receiving services. The City is required to notify property owners of its intent to adopt utility rate increases and give property owners the opportunity to protest the increases. The City must mail notification to each parcel owner receiving water and/or sewer services, allow a 45-day protest period, and then conduct a public hearing to receive public comment. The City may adopt rates if less than a majority of property owners protest against the increase. The draft proposed notice, included in the Council packet, includes all requirements of Proposition 218 which are that it states the date, time and place of the public hearing and the reason and basis for the proposed rates.

The consequences of failing to raise rates sufficiently to cover costs are that the City would be forced to take funding from the general fund, its only source of discretionary funds, to subsidize the water and sewer rates. This would mean that the Milpitas general public would subsidize the water and sewer customers, including the large commercial and industrial users. This transfer from the general fund would reduce the City’s ability to provide other desired community services such as parks and recreation, street trees and landscaping, and street maintenance. It would also conflict with City policy and standard government practice that water and sewer service funds be operated as self-supporting enterprise funds. In the first year, the City would need to take \$6 million from other services to balance the utility fund budgets. Over the course of four years, the utility funds cumulative shortfall would be \$32 million, an amount equal to about half of the City’s general fund operating budget.

Schedule

The recommended schedule to complete the adoption of the ordinances and adjust the rates includes these milestones:

- | | |
|-------------|--|
| February 15 | Council holds public hearing of first reading of ordinances setting water, recycled water, and sewer rates. Council provides direction to mail the Proposition 218 notice. |
| March 19 | Proposition 218 notices must be mailed no later than this date to provide 45-day protest period before May 3 Council meeting. |
| May 3 | Council holds a public protest hearing. If there is not a majority protest, Council may approve the new rates through a second reading and adoption of the new water, recycled water and sewer rate ordinances. |
| June 2 | Effective date of the water, recycled water and sewer rate ordinances. Due to the delay of bimonthly billing cycles in arrears of services, utility bills issued on or about August 22, 2011 will be the first to be based on the proposed FY 2011-12 water, recycled water and sewer rates. |

In addition, staff intends to hold a community meeting, after the public notices are mailed out, to provide the public an opportunity to ask further questions about the water and sewer utilities revenue, expenses, and funding options, and to provide informal suggestions and comments. The date, time, and place of the community meeting(s) would be added to the final public notices.

Fiscal Impact: None. The rate increases would pay entirely for escalating costs for wholesale purchases, City and wholesaler capital improvement programs, and system operation and maintenance for water, recycled water and sewer utilities.

Attachments:

- A. 2011 Utility Rate Analysis Report
- B. Proposition 218 Flyer
- C. Ordinance No. 120.46
- D. Ordinance No. 208.47

Recommendations:

- 1. Open the public hearing to receive comments, and move to close the public hearing.
- 2. Waive the first reading beyond the title of Ordinance No. 120.46.
- 3. Introduce Ordinance No. 120.46.
- 4. Waive the first reading beyond the title of Ordinance No. 208.47.
- 5. Introduce Ordinance No. 208.47.
- 6. Direct staff to mail the Property Owner Notice of Proposed Rate Increase.
- 7. Set May 3, 2011 as the date of the Public Hearing to hear protests and for the second reading of the ordinances to adopt water and sewer rates.

XV. JOINT REDEVELOPMENT AGENCY, AND CITY COUNCIL MEETING

RA1. Call to Order/Roll Call by the Mayor/Chair

RA2. Approval of Minutes – February 1, 2011

RA3. Approval of Agenda and Consent Calendar (Items with asterisk*)

Public Hearing (RA4. only)

RA4. Hold a Public Hearing and Adopt a Resolution Authorizing the Execution of an Agreement for the Development or Rehabilitation of Manufacturing Property, and the Financing of Facilities or Capital Equipment with Flextronics Americas, Inc. (Staff Contact: Diana Barnhart, 586-3059)

Background: In April 2010, the Redevelopment Agency agreed to provide SunPower Corporation financial assistance to partner with Flextronics Americas, Inc. to create the only SunPower solar panel fabrication site in the United States. Financial assistance of \$1.5 million was for the Agency to offset the cost of fabrication equipment over a five year period. In return for this, SunPower, working with Flextronics, agreed to create 80–90 new jobs for the life of the manufacturing of the solar panels. Further, the companies agreed to work with the City to target Milpitas residents for the new positions. Flextronics’ interest in working with SunPower was to show that the company has the capacity for solar panel manufacturing and hopefully attract other green energy manufacturing as part of its new business plan.

At the time of that financial request, Flextronics also indicated a need for financial assistance to offset some of the costs to fit-up the building for the SunPower solar manufacturing process but did not have a specific request ready to meet the timing demands of SunPower. Staff agreed to consider a request from Flextronics in the future. In the fall, Flextronics made a request for nearly \$1 million in assistance for its work to expand the SunPower line and to establish an IP production line for a new solar panel manufacturer. With this new line, Flextronics intends to hire or retain 56 engineering and manufacturing positions.

Flextronics’ investment for both the SunPower solar panel fabrication and the second line of IP production is over \$12 million. The funds requested from the City will be used for fit up costs to accommodate the fabrication lines and other expenses related to the development or rehabilitation of the property and the financing of facilities and capital equipment related to the solar panel manufacture.

The City Council's Economic Development Subcommittee reviewed the Flextronics request at its January 21 meeting, agreed with the request and recommended its approval by the Redevelopment Agency.

If the Agency agrees to the Flextronics request for financial assistance, the agreement will contain similar job retention clauses as the SunPower agreement. Funds will be distributed over a multi-year period, with payback clauses if Flextronics ceases to operate the manufacturing line or sells the business.

Fiscal Impact: Funding is available from the Redevelopment Agency fund balance for this recommendation.

Recommendations:

1. Open the public hearing, and move to close the public hearing after hearing any comments.
2. Adopt a resolution authorizing the Agency Executive Director to negotiate and execute an Agreement for the Development or Rehabilitation of Manufacturing Property and the Financing of Facilities or Capital Equipment.

RA5. Receive an Update on the Proposed Milpitas Silicon Valley Conference Center and Provide Direction to Staff (Staff Contact: Diana Barnhart, 586-3059)

Background: The City/Agency last considered the proposed Conference Center in August 2010 when a status report was made on the building program which included:

- Sub-divisible flat floor display space between 15,000 to 20,000 square feet capable of hosting multiple event types.
- Floor coverings, wall treatments and lighting options to reflect the variety of potential uses.
- Availability of breakout meeting space; portable and/or telescopic tiered seating.
- Ability to create a stage setting; natural light options.
- State-of-the-art technological capabilities and service; unique features and outdoor space.

The building at 570 Alder Drive appeared to be the most suitable for the building program and could accommodate a smaller center of approximately 49,000 square feet without adding extensive square footage to the building. The larger center of over 61,000 square feet would require adding approximately 15,000 square feet to the building, but would allow for a critical meeting room space and would be more responsive to market demand. With the direction from the Council to proceed with cost estimates, the consultant team led by Group 4 Architects and including Conventional Wisdom and Convention Sports & Leisure (CS&L), prepared cost estimates for both sized conference centers at 570 Alder Drive. The cost estimates included both construction and building improvements and estimate operation costs and revenues.

Construction Costs: Estimated construction costs range from \$38 million to \$47 million which includes escalation reflecting a 2013 schedule. One of the driving costs is the need to retrofit the building and raise the roof to accommodate a 25 ft. ceiling height in the Exhibition Hall. This height is one of the unique qualities of the proposed space, as it would allow users access to the latest technologies for main stage presentations and exhibit hall activities.

Construction Funding: Construction of the proposed conference center is an eligible activity for the Redevelopment Agency. Debt service to cover a bond issue for just the conference center would be approximately \$5 million annually. This would commit redevelopment funds, but leave little for other Agency priorities as the projected Redevelopment Fund balance is estimated at less than \$30 million for the next five years. Staff cannot recommend proceeding with the conference center project at the Alder site without another source of revenue to either share with the redevelopment commitment or repay the redevelopment fund over a period of time.

Operating Expenses and Revenues: Both Conventional Wisdom and CS&L suggest that it takes at least five years for a conference center to be fully utilized and the information included in this report covers this period. Operating revenues include space rental and food service profits along with profits from other contracted services. Operating expenses are personnel and staffing costs, utilities, maintenance, insurance and typical costs.

Operating expenses exceed the operating revenues for each year in the five-year scenario, but less so for the larger facility than the smaller facility. The shortfall between operating expenses and operating revenues (space rental, food service profits) is approximately \$1 million a year for the first five years for the 49,000 sq. ft. option. The shortfall decreases with the 61,000 sq. ft. facility from \$1 million in the first year to \$700,000 in the fifth year.

Operational Costs Offsets: A portion of the operating deficit may be offset with the introduction of either an increase in the Transit Occupancy Tax (TOT) or hotel tax, or a room tax or both. Based on the City's current TOT revenues, a 1% increase in the TOT could generate \$500,000 per year.

Economic and Fiscal Impacts: The operating estimates for the proposed center do not include the economic and fiscal benefits, or economic spin-off, that benefits other businesses within a community. The community economic and fiscal impacts of a conference center include those revenues generated through additional hotel bookings, entertainment, dining and shopping. CS&L estimates that the economic and fiscal impacts for a fully functioning center will generate several millions from affected businesses which will translate to increased revenues to the City.

Economic Development Subcommittee Actions

Staff presented an overview of the conference center to the Council's Economic Development Subcommittee in late January and expressed concern about the cost of the proposed conference center. The work to date shows that the Alder site can work for a conference facility, but a cost too rich for the Agency to undertake without looking at alternative approaches. The Subcommittee concurred and voted to stop work on the Alder site, keeping it as an option, but explore and bring to the full City Council the recommendation to evaluate other alternative sites, including the Community Center site. Unapproved Subcommittee meeting minutes are included in the agenda packet.

Fiscal Impact: There is no fiscal impact associated with this action.

Recommendation: Receive report on the proposed conference center and provide direction to staff to proceed with evaluating other potential sites, including the Community Center site.

***RA6. Adopt a Resolution Adopting Findings and Authorizing the Execution of a Cooperative Agreement with the City of Milpitas and an Amendment to the Second Amended and Restated Public Works Agreement (Staff Contact: Diana Barnhart, 586-3059)**

Background: The California Legislative Analyst Office recommends that the California Legislature adopt urgency legislation prohibiting redevelopment agencies from entering into new contractual agreements. This is being done as part of the Governor's proposed budget proposals to eliminate redevelopment agencies and the authority to collect tax increment funds in order to balance the State's 2010-11 and 2011-12 budgets.

The action before the City Council and the Agency Board is to adopt a resolution authorizing the execution of a Cooperative Agreement and the amendment of a public works agreement whereby the Agency pledges funds to support specified projects so that critical ongoing redevelopment projects are not disrupted by future state actions. Although the timing of these actions are driven by the prospect of state action precluding the use of redevelopment funds, the identification and funding of the projects outlined is consistent with previous planning efforts and Agency Board actions. The specified projects also represent endeavors in which the Agency and/or City has

already made substantial investments that would be diminished in value were the projects not to reach completion.

Projects envisioned to be completed by the City for the Agency are street improvements along Main Street from Carlo Street and Curtis Avenue. This work is the completion of the Main Street Improvements identified in the Midtown Specific Plan and the Amended and Restated Redevelopment Plan for Project Area No. 1. The work was started as part of the Library and North Main Street Improvement project and cannot be completed without the use of redevelopment funds.

Other projects include the completion of the Milpitas Sports Center Master Plan which serves residents of the Project areas.

The redevelopment areas are plagued by aging infrastructure which must be upgraded to provide basic services to the business of tomorrow. Water and sewer lines will be upgraded along with providing increased capacity at pump stations for economic development. The improvements in the Transit Area Specific Plan will cost over \$50 million to allow for redevelopment to occur as envisioned in the project area plans.

The extension of BART into Milpitas has recently moved into a proactive phase to complete documents so that the station will open in 2018. The impact of the station on the project areas will require street upgrades such as the Montague Expressway and Milpitas Boulevard. There are also numerous long-term economic development and infrastructure needs that can only be funded in part by redevelopment funds, such as needed improvements for the Tasman Drive/ Great Mall Parkway and I-880 ramps and the widening of Calaveras Boulevard.

Pursuant to Sections 33445 and 33445.1 of the California Redevelopment Law, the Agency may, with the consent of the City, pay for all or a portion of the cost of the land for, and the cost of construction of, any building, facility, structure, or other improvements that are publicly owned and located within or contiguous to or outside of the Project Areas if the City Council finds, based upon substantial evidence, that the acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned are:

- of primary benefit to the Project Areas; and
- help to eliminate blight within the Project Areas, and directly assist in the provision of housing for low or moderate income persons; and
- there is no other reasonable means of financing; and
- is consistent with the Implementation Plan; and
- is provided for in the Redevelopment Plans.

Funding, management and support of the projects listed in the Cooperative Agreement and the Amendment to the Second Amended and Restated Public Works Agreement are consistent with Sections 33445 and 33445.1.

The projects fall within or outside of the boundaries of the Milpitas Redevelopment Project Area No. 1 and the Great Mall Redevelopment Project (collectively the "Project Areas"). The projects will benefit the Project Areas and prevent blight by supporting additional commercial, industrial and residential development by improving such things as traffic flow and safety, creating more walkable and desirable urban environments, revitalizing underlying infrastructure, and acquiring needed right of ways and land.

City staff has explored potential funding sources and has determined that there is no other source of funds reasonably available to the City and the Agency to contribute toward the listed projects. City general revenue funds are not available because they are committed to essential services such as police or fire protection. Regional grants and impact fee funds are inadequate or not

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.

Fiscal Impact: None. Administration costs are already accounted for in the City and Redevelopment Agency budgets.

Recommendation: 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.

***RA10. Adopt a Resolution Authorizing the Purchase of One Moderate-Income Affordable Housing Unit (Staff Contact: Felix Reliford, 586-3071)**

Background: The City has received notification from one homeowner who would like to sell his moderate-income unit located within the Luna at Terra Serena condominiums. The Resale Restriction Agreement provides the Redevelopment Agency with the option to purchase the affordable unit. The Agency is required to maintain 63 affordable units within the Terra Serena community pursuant to the Disposition and Development Agreement with the County of Santa Clara. The resale value of this unit is such that staff is confident that a first-time homebuyer meeting the income qualifications can be found to purchase it.

Fiscal Impact: There are adequate funds in the Agency's Low and Moderate Income Housing Fund to purchase this unit.

Recommendation: Adopt a resolution authorizing the purchase of one moderate-income affordable unit.

RA11. Agency Adjournment

XVI. REPORTS OF MAYOR and COMMISSION

*** 2. Consider Mayor's Recommendation for Appointments to Three Milpitas Commissions (Contact: Mayor Esteves, 586-3051)**

Background: Mayor Esteves recommends the following citizens be appointed to three Milpitas Commissions as follows:

Economic Development Commission

Newly appoint Milpitas School Board member Marsha Grilli as the MUSD Representative to a term that expires in April 2013.

Emergency Preparedness Commission

Appoint Don Clendenin (current Alternate No. 1) as a regular member to a term that expires in June 2013.

Appoint Mercedes Albana (current regular member) as Alternate No. 1 to a term that expires in June 2011.

Telecommunications Commission

Appoint Sumeet Ahuja (current Alternate No. 1) as a regular member to a term that expires in January 2013.

Appoint Kurt Bohan (current Alternate No. 2) as Alternate No. 1 to a term that expires in January 2013.

Newly appoint Debra Lax as Alternate No. 2 to a term that expires in January 2012.

Recommendation: Consider the recommendations from Mayor Esteves, and move to approve his recommended appointments to three Milpitas Commissions.

- * 3. **Approve the Senior Advisory Commission 2011 Work Plan (Staff Contact: Aaron Bueno, 586-3226)**

Background: Pursuant to the Senior Advisory Commission (SAC) Bylaws, the Senior Advisory Commission serves as an advisory body to the City Council on matters pertaining to recreation, leisure, and nutrition services for the Senior Citizens of Milpitas.

At the January 25, 2011 Senior Advisory Commission meeting, Commissioners reviewed a draft 2011 Work Plan which included goals for ongoing programs, events and long term goals they would like to accomplish. Included in the Council's packet is the Senior Advisory Commission's proposed 2011 Work Plan for the Council's review and consideration.

Fiscal Impact: None.

Recommendation: Approve the 2011 Senior Advisory Commission Work Plan.

XVII. NEW BUSINESS

4. **Receive Monthly Economic Development Report (Staff Contact: Diana Barnhart, 586-3059)**

Background: Housing Development Inquiries: Several large and new housing developers have recently contacted the City to discuss development opportunities.

New Auto Dealership: The County did not receive any responses to the car dealership Request for Proposals that were due on January 25. One potential respondent indicated that they could not meet some of the deadlines the County had set due to internal dealership issues. Staff continues to work with the County as County staff has indicated that they will be issuing another RFP in the future.

McCarthy Ranch: A meeting is scheduled for mid-February to meet with McCarthy Ranch property managers. With the success of Season's Marketplace, several developers have met with the City as they investigate the possibility of converting some of the vacant spaces into smaller culturally focused malls.

Great Mall: Olive Garden restaurant has been hiring and is now training staff for a late February or early March opening.

Freeway Signs: Staff is working closely with the Great Mall and CBS Outdoor to finalize a design for the I-880 sign that meets the interests of all parties. Additionally, staff is working with Caltrans to prepare for submittal of the new sign application. McCarthy Ranch signs with Clear Channel have not proceeded at this time.

Redevelopment Community Outreach: Staff will present ideas for a community outreach program for Council/Agency discussion. After spending a day in Sacramento recently, it appeared that the Legislative Analyst's Office and the Department of Finance were very unhappy with the Proposition 22 vote that restricts the State's ability to tap into cities to cover the state budget deficit. Moreover, there was a definite belief that there was little local support for redevelopment, so ending the tax increment authority of redevelopment agencies appears to be a painless way for the State to ease its budget deficit woes.

Outreach efforts would begin immediately and consist of community and neighborhood meetings, media outreach, distribution of local redevelopment successes and information on the level of Agency funding that is passed through to other taxing agencies.

Fiscal Impact: None. There is no fiscal impact associated with this action.

Recommendation: Receive the monthly economic development report from the Economic Development Manager, and provide direction on a community information program to support retention of redevelopment as a local funding source.

5. Receive a Report on the Barbara Lee Senior Center Operating Hours (Staff Contact: Bonnie Greiner, 586-3227)

Background: At the request of City Council, staff is presenting information on the current operating hours of the Milpitas Barbara Lee Senior Center as well as information on increasing open hours to the public on evenings and weekends.

Currently, the Barbara Lee Senior Center is open Monday through Friday from 9 am – 4 pm. During that time, seniors are offered drop in recreation programs, fitness room, arts and dance classes, trips, informational seminars and lunch through the County Senior Nutrition Program. The Senior Center current evening and weekend programs and events include evening Bingo on the first and second Tuesdays of every month from 5 pm – 8:30 pm along with special events and trips throughout the year on weekends that include Holiday Dances (Christmas and Valentine’s Day), Bingo Marathons, and theatre trips.

Milpitas Senior Center staff had not received any direct requests from daily participating members to add evening or weekend open hours. Attendance at events or programs held later in the evening has traditionally had lower attendance due to members’ feelings about the level of safety traveling at night or lack of interest due to nightly routines.

In response to Council direction to consider expanding open hours to weekday evenings or weekend, staff conducted a poll of comparable Bay Area City senior centers and their operating hours. Cities polled were San Jose, Campbell, Pleasanton, Los Gatos, Foster City, Mountain View and Los Altos. Of these seven cities, two cities, Mountain View and Pleasanton, were the only ones offering programming after 5 pm. Mountain View stays open twice during the week until 9 pm and Pleasanton stays open once a week until 8:30 pm. No cities’ Centers were open on the weekends.

Should operating hours of the Senior Center be extended, two possible scenarios have been created. In trying to remain cost neutral with the current Senior Center budget, the programming during the listed scenarios would include access to the Fitness Room and select drop-in activities.

Scenario I

This option would increase open business hours two nights a week, on Tuesday and Thursday.

Business Hours

Monday: 9 am – 4 pm
Tuesday: 9 am – 7:30 pm
Wednesday: 9 am – 4 pm
Thursday: 9 am – 7:30 pm
Friday: 9 am – 4 pm

Scenario II

This option would increase open business hours to include Saturdays.

Business Hours

Monday: 9 am – 4 pm
Tuesday: 9 am – 4 pm
Wednesday: 9 am – 4 pm

Thursday: 9 am – 4 pm

Friday: 9 am – 4 pm

Saturday 9 am – 1 pm

Fiscal Impact: None.

Recommendation: Staff recommends conducting a survey of current Senior Center membership as well as community outreach to seniors who may not be using the center. The survey would gather information to see 1) what hours they would like to see the Senior Center open and 2) what activities and/or programs they would like offered during possible evening and weekend operating hours. Staff would return to City Council to report the findings of the survey and present further recommendation based on the survey results.

- * 6. **Approve Fee Waiver and In-Kind Donation of Equipment, Supplies, Facility Space and Staffing from Various City Departments for the 2011 American Cancer Society Relay For Life Event at the Milpitas Sports Center, June 17-19, 2011 (Staff Contact: Aaron Bueno, 586-3226)**

Background: For the past eleven years, the American Cancer Society, with volunteer support of numerous Milpitas community members and businesses, has hosted the annual Relay for Life fundraising event at the Milpitas Sports Center. The group is requesting to use the Sports Center field from June 17-19, 2011, for the event set-up (6/17), event (6/18-6/19), and take down (6/19).

The City of Milpitas has a long history of supporting this annual event with services, staff support, facility space and equipment on varying levels. A complete list of requested items for fee waiver or donation is included for consideration by the City Council.

Fiscal Impact: Relay for Life is requesting that City Council approve the waiver or donation of the following items and services, for a total of \$7,255.05.

Estimated departmental costs associated with each requested item is listed:

Recreation Services:

- | | |
|---|------------|
| • Use of Football Field- June 17 to June 19
\$500.00 deposit (refundable)
\$60.00 application fee (3 @ \$20)
\$2,880.00 (72 hours @ \$40.00 per hour) | \$3,440.00 |
| • Use of Community Center and Adobe
3/1, 4/5, 5/3, 6/7 (Room 7/8)
\$600 (12 hours @ \$50.00 per hour) | \$800.00 |
| 4/16 (Adobe)
\$200 (4 hours @ \$50.00 per hour) | |
| • Use of white event fencing for Kids Camp area
Volunteer's pickup, set-up and return | \$no cost |
| • Use of City Marquee for event announcement
6 week announcement | \$no cost |
| • Use of Mobile Stage*
\$700.00 (2 days @ 350.00 per day)
\$150.00 in part-time staff time (5 hours @ \$30.00)
<i>*Towing to be paid by ACS/Relay for Life</i> | \$850.00 |
| • Use of two EZ-Up shade structures
Volunteers pickup, set-up, and return | \$no cost |

Total from Recreation Services	\$5,090.00
<u>Park Services</u>	
• Trash cans/ Garbage cans	
• Field Prep and track dragging for event	
• Water/ irrigation turned off during event	
• Restrooms opened and secured as needed	
• Weekend Crew point of contact during the event	
Staffing (12 hours @ 60.00 per hr)	\$720.00
• Use of sand for luminaries	
• Use of two (2) John Deere tractors	<u>\$200.00</u>
Total from Park Services	\$920.00
<u>Fire Department</u>	
• Fire site/ event inspection & permits for tents/canopies	\$429.00
Site Plan and Review	
• Provision of First Aid by Fire Aids during event	\$ no cost
• Provide Safe House	\$50.00
\$50.00 Towing and fuel	
\$ 0 Volunteer Fire Aids	
• Use of four MFD generators	\$ no cost
Picked up and delivered by volunteers	
• Community Fire Aides supplies, food	\$250.00
• Two (2) Emergency Medical Technicians	<u>\$ no cost</u>
Total from Fire Department	\$729.00
<u>Police Department</u>	
• Officers to escort funds during the evening	\$350.00
• Police Command RV for on-site banking (1 escort)	\$ no cost
• Use of two (2) 10x 20 canopies	<u>\$ no cost</u>
Total from Police Department	\$350.00
<u>Building Department:</u>	
• Temporary Electrical Permit	<u>\$166.05</u>
Total from Building Department	\$166.05
Total	\$7,255.05

Recommendation: Approve the American Cancer Society Relay for Life request for a fee waiver and in-kind donations of equipment, supplies, facility use and staffing totaling \$7,255.05 for the June 17-19, 2011 Relay for Life event at the Milpitas Sports Center.

XVIII. ORDINANCE

7. Consider and Vote on Required Actions to Establish a City of Milpitas Housing Authority (Staff Contact: Diana Barnhart, 586-3059)

Background: With the aging of the Milpitas housing stock, limited amount of land, high costs of housing, continuous overcrowding and potential increase in unsanitary conditions, the establishment of a Housing Authority allows the City to aggressively plan and address several of these issues to improve the quality of life and standard of living for a substantial number of its residents. A City Housing Authority would provide more local control over local, State, and Federal funds made available to support lower income households.

The City Council can authorize a housing authority to function in the City under the California Housing Authority Law (Health & Safety Code §34200 et seq.) where either unsanitary or unsafe inhabited dwelling accommodations exist or there is a shortage of safe or sanitary dwelling accommodations available to low income households. These conditions are well documented in both the City's General Plan Housing Element and blight analysis for the 13th Amendment to the Redevelopment Project Area. In addition to finding a need for the housing authority, the City Council must also appoint the Housing Authority Commissioners, which can be the five Council members and enact an ordinance creating a Housing Commission to advise the Housing Authority.

Fiscal Impact: None.

Recommendations:

1. Adopt a resolution declaring the need for a Housing Authority in the City and appointment of five commissioners to the Housing Authority.
2. Move to waive the first reading beyond the title of Ordinance No. 281.
3. Introduce Ordinance No. 281 to create a Housing Advisory Commission.

XIX. RESOLUTIONS

8. Adopt a Resolution of Support for the “Let’s Move” Effort to Reduce Childhood Obesity (Contact: Mayor Esteves, 586-3029)

Recommendation: Mayor Esteves recommends that the City Council vote to adopt a Resolution supporting the “Let’s Move” program, recently supported by the Santa Clara County Cities Association, to encourage activity by young people in order to curb childhood obesity.

*** 9. Adopt a Resolution Approving the Tier 2 Drought Implementation Plan Pursuant to Section 3.11.C of the Water Supply Agreement with San Francisco Public Utilities Commission (Staff Contact: Kathleen Phalen, 586-3345)**

Background: On June 2, 2009, the City Council adopted Resolution 7879 to approve entering into a 25-year Water Supply Agreement with the San Francisco Public Utilities Commission (SFPUC). This agreement gives the City the perpetual right to purchase up to 9.23 million gallons per day (MGD) of treated potable water, unless SFPUC has a water shortage. In the case of a drought which reduces SFPUC supplies by up to 20%, the Agreement specifies that water will be allocated according to the Agreement’s Tier 1 Shortage Plan. This plan allocates water to Milpitas and the other 25 members of the Bay Area Water Conservation and Supply Agency (BAWSCA) by a formula based on each member’s previous three years of water consumption.

To address severe drought shortages over 20%, the Water Supply Agreement authorized the BAWSCA agencies to develop a Tier 2 Drought Implementation Plan. In October 2009, staff representatives from the 26 agencies began working collaboratively on this plan. Agency representatives agreed that the plan would need to have consistent and pre-determined rules for calculation; provide sufficient water for basic health and safety needs of customers; create incentive for water conservation; avoid preventable, adverse economic impacts; avoid reallocating individual agency water supply assets without consent and compensation; and account for inherent differences in the agencies’ land use and climate. Attempting to satisfy the needs of 26 agencies proved to be a challenging effort. Over the following 10 months, agency representatives reviewed 21 different allocation methodologies before agreeing that the best balance of competing needs was met by one derived from each agency’s individual supply guarantee and each agency’s characteristic summer water usage. This is the basis of the Tier 2 Drought Implementation Plan which is available for review in the Office of the City Engineer.

An example of how the Tier 2 plan would apply to Milpitas is as follows. In a normal year, SFPUC commits to taking up to 265 MGD from the Hetch Hetchy system to meet customer

demand. In the event of a 20% drought shortage, San Francisco would keep 37.5% of the available water for San Francisco customers and give the remaining 62.5% to the BAWSCA agencies. This provides 131 MGD which represents a 26.4% reduction of the BAWSCA agencies' normal allotment. SFPUC's reason for the unbalanced cutback is that the San Francisco customers have less discretionary landscape water usage and so cannot be cut back as severely. The Tier 2 plan allocates the 26.4% cutback to the BAWSCA agencies prior year usage using the supply guarantees and summer use factors. For Milpitas, this would result in a 19.1% cutback. Milpitas obtains a relatively better outcome than the average BAWSCA agency because it is currently not using its full 9.23 MGD supply guarantee. Milpitas currently purchases about 6.9 MGD from SFPUC, so if a 20% drought shortage occurred next year, Milpitas would be allowed 5.6 MGD of water. All these factors will vary depending on the actual percent shortage, Milpitas's actual prior year usage, and Milpitas's actual prior summer usage.

It is important to note that the Tier 2 Drought Implementation Plan does not apply to the method the City of Milpitas uses to reduce individual customer consumption during a drought. There are many ways the City may reduce customer demand, ranging from providing incentives for voluntary conservation to imposing mandatory rationing, but at this time, the City has not adopted a methodology. Staff would develop recommendations for Council approval only after the City receives notice of a water shortage and has information about the magnitude of the shortage. Reasonable and fair methods would give customers incentive to increase conservation without penalty for previous conservation efforts and would also minimize labor intensive and invasive policing of customer use.

BAWSCA agencies are asked to adopt the Tier 2 Drought Implementation Plan by March 31, 2011 to allow inclusion in their 2010 Urban Water Management Plans. If any one of the 26 agencies fails to adopt this plan, the plan will be referred to the BAWSCA Board of Directors for adoption. If the BAWSCA Board of Directors fails to adopt a plan, then SFPUC is free to allocate water supplies as it feels appropriate during a Tier 2 drought.

Fiscal Impact: None.

Recommendation: Adopt a Resolution approving the Tier 2 Drought Implementation Plan pursuant to Section 3.11.C of the Water Supply Agreement with San Francisco Public Utilities Commission.

* **10. Adopt a Resolution Authorizing the City Manager to Execute the Extension of the Piggyback Agreement with Ricoh Americas Corporation through the City of San Jose Contract for Printers and Copiers (Staff Contact: Chris Schroeder, 586-3161)**

Background: On October 22, 2007, the City entered into a piggyback agreement with Ricoh Americas Corporation by piggybacking on the contract with the City of San Jose for copiers/multi-function devices, which was competitively bid in June of that year. Piggybacking is authorized pursuant to the Municipal Code Section I-2-3.07 "Piggyback Procurement". During the first three years of the contract, the number of individual machines leased has increased from the initial three copiers to fourteen copiers and one printer. The cost of the equipment is paid for by the individual departments. The average annual cost of the program including machine rental and the maintenance is approximately \$40,000 per year depending on the number of copies made. The City of San Jose has extended the base term of the contract from October 16, 2007 to June 30, 2011 with an option for three more years. This is an excellent opportunity for the City of Milpitas as it effectively locks in our pricing, well below current market rates, for an additional three and a half years.

Fiscal Impact: None. This is a programmed cost in the individual budget of each department.

Recommendation: Adopt a resolution authorizing the City Manager to execute the extension of the piggyback agreement with Ricoh Americas Corporation through the City of San Jose contract for printers and copiers.

- * 11. **Adopt a Resolution Authorizing Staff to Apply for and Accept a “Trails and Open Space Grant Program” Grant from Santa Clara Valley Water District for the Alviso Adobe Renovation, Project No. 5055 (Staff Contact: Steve Erickson, 586-3301)**

Background: The Alviso Adobe Renovation, Project No. 5055, is included in the approved Capital Improvement Program. The work involves improving the Alviso Adobe grounds to create a public park with historic elements to simulate an early 1900’s orchard/Mexican rancho. The improvements include rebuilding the existing outbuildings, constructing a new public restroom, Americans with Disabilities Act accessibility to the site, landscaping, installation of park benches and picnic area.

The Santa Clara Valley Water District has enacted the Trail and Open Space Grant Program which provides funds for the development of neighborhood, community, and regional trail and open space facilities. Staff reviewed the eligibility requirements for the grant and recommends that the City submit an application for the Alviso Adobe Renovation Project. The Santa Clara Valley Water District requires that the Milpitas City Council authorize by Resolution the approval for staff to apply for Trail and Open Space Grant Program Funds and enter into a grant agreement should funds be awarded to the City of Milpitas.

Fiscal Impact: None.

Recommendation: Adopt a resolution authorizing staff to apply for and accept, on behalf of the City, a “Trails and Open Space Grant Program” grant from the Santa Clara Valley Water District for Alviso Adobe Renovation, Project No. 5055.

XX. CONTRACT

- * 12. **Approve a Contract with PMC for the Development of a Qualified Climate Action Plan, Project No. 8200 (Staff Contact: Sheldon AhSing, 586-3278)**

Background: In 2006, the State of California passed Assembly Bill 32, the Global Warming Solutions Act of 2006 (AB32). The legislation committed the state to reducing greenhouse gas emissions to a level equivalent to 1990 emissions by 2020. The legislation also requires municipalities creating new general plans to evaluate and mitigate for greenhouse gas emissions in its planning areas to a level consistent with AB32. Furthermore, Senate Bill 375 (SB375) placed requirements on municipalities regarding the reduction of greenhouse gas emissions through land use patterns, enhanced transit services and the reduction of vehicle miles traveled (VMT).

In order to comply with AB32 and SB375, the Bay Area Air Quality Management District adopted new thresholds regarding development projects and greenhouse gas emissions to coincide with the environmental review of a project. The development of strategies to reduce greenhouse emissions through a formal document such as a Climate Action Plan (CAP) can streamline the planning process for projects while demonstrating overall compliance with state law. CAPs generally contain:

- Adoption of state-accepted protocol software to model greenhouse gas emissions in the project area. The most widely accepted protocol has been prepared by the International Council for Local Environmental Initiatives (ICLEI);
- An inventory of greenhouse gas emissions from all community and municipal sources;
- A public outreach component to receive input from the community and stakeholders;

- A greenhouse gas mitigation plan composed of strategies to reduce greenhouse gas emissions to a level consistent with the requirements of AB32 and SB375 throughout the project area; and
- A monitoring program for greenhouse gas emissions into the future.

City staff received proposals from qualified consulting firms previously vetted by the Joint Venture Silicon Valley Network to complete a CAP. The proposed work plan is reflective of the contents described above. The total proposed project cost is \$85,000. The City of Milpitas (planning department) applied for and received a grant to offset costs of the project. This grant award reduces the project cost to \$41,000. The project is expected to kick-off on or about February 21 and should take seven months to complete.

Fiscal Impact: There are sufficient funds budgeted in Capitol Project No. 8200 for this contract.

Recommendation: Authorize the City Manager to execute a contract with PMC for the development of a Climate Action Plan for an amount not to exceed \$85,000.

XXI. ADJOURNMENT

**NEXT REGULAR CITY COUNCIL MEETING:
TUESDAY, MARCH 1, 2011, AT 7:00 P.M.**