



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Walesh

SUBJECT: SEE BELOW

DATE: October 19, 2017

Approved

Date

10/20/17

INFORMATION

SUBJECT: UPDATE ON PROPOSED GOOGLE DEVELOPMENT AT DIRIDON STATION

This memorandum updates the Council and community on the potential purchase by Google of land in the Diridon Station Area for a transit-oriented mixed-use, master planned development to include an office/R&D space, retail space, public open space, and other amenities.

On June 20, 2017, the City Council adopted a resolution authorizing the City Manager to negotiate and execute an Exclusive Negotiation Agreement with Google for the acquisition of properties owned by the City of San Jose and properties owned by the Successor Agency to the Redevelopment Agency (SARA). This action marked the first step in a multi-step, multi-year process leading to the design and potential approval of a Google development at Diridon Station. Attached are two diagrams outlining the steps related to Google's proposed purchase of City and SARA owned land as well as the steps required to move the proposed Google project through the development approval process. Below is a brief summary of on-going efforts:

Property Sale - The City and County have been engaged with Google and appraisers to determine the fair market value purchase price for the land parcels. These discussions are ongoing, and have not yet concluded. (Seven parcels are owned by the City; nine parcels are owned by SARA. The parcels under consideration total about 21.4 acres of the 240-acre Diridon Station Area.)

Compensation Agreement - The City and County are negotiating a Compensation Agreement, which is a condition to the sale of the SARA properties. The Compensation Agreement will go to City Council for approval.

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Community Engagement - Once the fair market value land price has been agreed to with the County and City, the City will initiate a transparent and comprehensive community engagement process, as directed by Council. The engagement plan will include opportunities to discuss the nature of the Google development, its impact on the community, and potential community benefits.

The outreach plan will build upon the work done by the Diridon Station Good Neighbor Committee and include an even broader set of community stakeholders. The Diridon Station Good Neighbor Committee included residents, businesses, and community group representatives and played an important role in creating the Diridon Station Area Framework for Implementation from 2009 with adoption in 2011. Additional opportunities for community input will include open public forums as well as interacting online. Staff is also developing a website that will provide a variety of documents including information about the Diridon Station Good Neighbor Committee, the Diridon Station Area, proposed transportation projects, and the potential Google project. The website will be operational by early-December.

The major construction and ultimate transformation of the Diridon Area Central Zone is likely to occur after construction for BART and High Speed Rail has concluded, in the 2025-2027 time period. Staff will provide updates on project timing as more information is known. Given the complexities of determining the sale price with multiple agency owners and appraisers, the multi-year Land Sale and Development Approval process is still in the first task box on the attached schedule. Therefore, individual items that follow in the Schedule of Performance will need to be postponed. The ENA envisioned that the original schedule might change, and authorized the City Manager to extend the date of any specific task in the Schedule of Performance. The task "Preparation of Community Engagement Plan" originally envisioned to be complete within 120 days of ENA approval (meaning Friday, October 20), is anticipated to need at least an additional 60 days. The March 31, 2018 date to finalize the MOU and Purchase & Sales Agreement will also be extended at least 60 days.

/s/

KIM WALESH

Deputy City Manager

Director of Economic Development

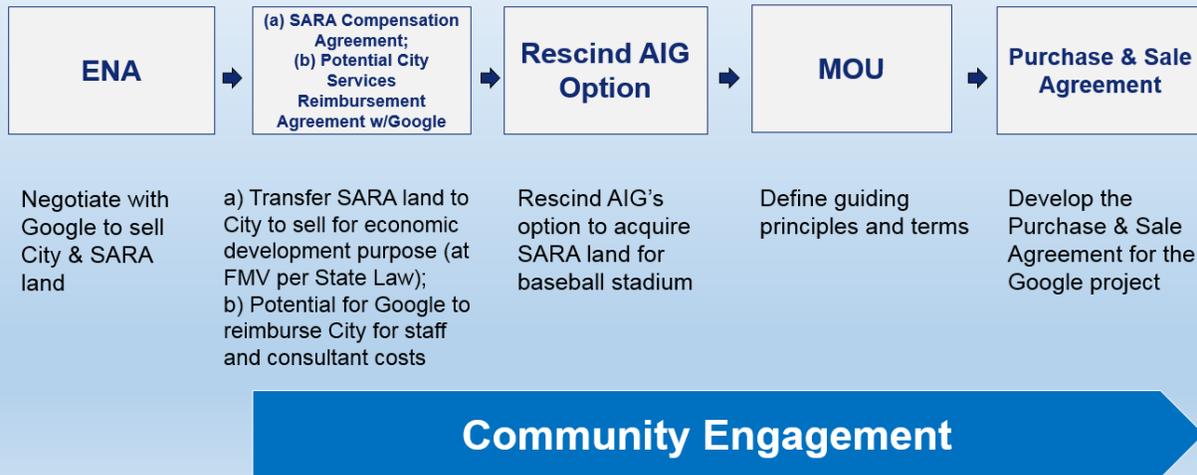
For questions, please contact Nanci Klein, Assistant Director, at (408) 535-8184.

Attachment: Steps in Google Development Process



Steps in Google Development Process

I. Land Sale



II. Development Approval

