

09/15/09

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Charter Review Committee Meeting Minutes
August 20, 2009, 5:30 p.m.
Central Park Library, Redwood Room

In attendance:

Aldyth Parle, Committee Member
Dan MacNaughton, Committee Member
Dick Wentz, Committee Member
Don Callejon, Committee Member
Don Von Raesfeld, Committee Member
Fred Raia, Committee Member
George Neto, Committee Member
James E. Lee, Committee Member
John Haggerty, Committee Member
Kathleen Lockwood, Committee Member
Larry Marsalli, Committee Member
Lisa Gillmor, Committee Member
Pat Kolstad, Committee Member
Raymond G. Gamma, Committee Member
Steve Chan, Committee Member

Jennifer Sparacino, City Manager
Ron Garratt, Assistant City Manager
Rod Diridon, Jr., City Clerk/City Auditor
Helene L. Leichter, City Attorney
Rajeev Batra, Director of Public Works
Pam Morrison, Administrative Analyst
Jashma Kadam, Senior Staff Aide

Guests:

John Wasson, 49ers
Steve Van Dorn, Santa Clara Chamber of Commerce
Sandra Gonzales, *San Jose Mercury News*
Larry MacNeil, 49ers
Steve Fine, 49ers
Lisa Lang, 49ers
James Rowen, Resident

Matters for Council Action: None

1. Welcome/Introductions; Orientation to Committee Process: The City Manager called the meeting to order at 5:30 p.m., and welcomed the Committee members. She congratulated all Committee Members on their appointment by Council, in an advisory role, to the Charter Review Committee. Committee members were introduced. The City Manager provided an overview of the Committee's task, which is to determine if existing City Charter language requiring competitive bidding for Public Works projects can be modified to allow for some focused, limited use of a design/build process not subject to competitive bidding in some or all of the construction of an NFL stadium. The City Manager also pointed out that the City

Council would be the ultimate authority on any recommendation made by the Charter Review Committee.

A binder of information was provided to all members of the Committee, which included the ground rules for the meeting, process for creating Charter Review Committee, the City of Santa Clara Charter, Guiding Principles for 49ers Negotiations, the City's Code of Ethics & Values, and the Term Sheet, which the City Manager will review to put it in context with the Charter amendment.

2. **Election of Chair and Vice Chair:** The Committee unanimously voted on a Chair and Vice Chair. Don Von Raesfeld was voted Chair and Patrick Kolstad was voted Vice Chair.
3. **Review of Term Sheet:** The City Manager gave a powerpoint presentation on the Term Sheet outlining the key understandings, obligations, responsibilities, and financial arrangements between the City, the Redevelopment Agency, and the 49ers. She provided an overview of the Term Sheet's key elements and details, and the deal structure and economics of the project. The Assistant City Manager continued the presentation regarding the location of the proposed stadium site. He informed the members that the property tax from redevelopment area stays in the redevelopment fund. These funds have strict limitations and can be used for economic development only; these funds cannot be used for maintenance purposes. He added that if the State takes the proposed \$12 million dollars over the next two years, the redevelopment fund will be given an additional year through 2027 (currently Bayshore North RDA ends in 2026). In 2028, all of the redevelopment area will lose its special designation and tax revenues currently flowing to the Agency will instead accrue to the City, school district, and other agencies.

The City Manager continued with the powerpoint presentation regarding the City's Guiding Principles for the proposed stadium project, which include no use or obligation of General Fund monies; to maintain integrity of all City funds, including utilities; to maintain the industrial to residential conversion policy; no tax increase on residents, businesses, and ratepayers; to address the Theme Park issues; no loss of ground lease payments from the Theme Park; conduct an open and visible process; synergy with surrounding development, and to maintain the City's Code of Ethics & Values to be fiscally responsible.

The following Term Sheet key points were negotiated: the City/Redevelopment Agency principles will be maintained; no General Fund monies or Enterprise Funds will be used for this project, except for the substation relocation; fair market value return for the stadium site; economic benefit to the City and community; creation of a new senior and youth program fund; Redevelopment Agency investment capped at \$40 million plus \$1.7 million for share of development fees; no floor on Redevelopment Agency contribution; no new or increase in taxes; creation of a Mello-Roos hotel community facilities district only if approved by vote of affected hotels; 49ers responsible for construction cost overruns; creation of a Charter Review Committee; 49ers to pay reasonable operating costs for the stadium.

The stadium will be publicly owned. A Stadium Authority will be formed by the City of Santa Clara and the Redevelopment Agency. The City Council will serve as the governing board. The City Manager will serve as Executive Director. Neither the City, nor the Redevelopment Agency, will have responsibility for any liabilities of the Joint Powers Authority (JPA). The Stadium authority will construct the stadium and enter into a project

management agreement with 49ers stadium company. It will be a 40-year lease, with options to extend to a total of 60 years.

After the City Council approved the Term Sheet, a piece of legislation, SB 43, was introduced by Senator Alquist. The Bill is currently under amendment. The City Manager will provide more information on SB 43 at the next meeting on September 3, 2009.

During the Term Sheet discussions with the 49ers, the 49ers were aware that the City Charter requires a public bid process. The 49ers position is that it is critical to use the construction company they selected that has the expertise to build sports stadiums, to ensure that cost overruns, if any, would be minimal. It was a negotiated item that the 49ers would pay for construction overruns on the stadium.

The Disposition and Development Agreement is currently being negotiated. If voters approve the proposed stadium, financing will be secured in 2011; construction will begin in 2012; and the stadium opening is slated for 2014.

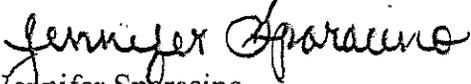
The City Manager was asked what parameters should be kept in mind when discussing the option of changing the City Charter. She informed the Committee that Committee input would be taken, followed by staff and the 49ers providing information regarding the respective bidding processes, and then deliberation from the Committee. Forty Niners representative John Wasson responded to the Committee question regarding life span of stadium building. The stadium's lifespan depends on the design and materials used and how well it is maintained. The stadium will be improved every 5 to 7 years and both the City and 49ers goals are aligned in this regard. A copy of the amended version of SB 43 will most likely be available for the next Committee meeting.

4. **Next Meeting:** The next meeting is scheduled for Thursday, September 3, 2009, 5:30 p.m., in the Redwood Room at the Central Park Library.
5. **Public Presentation:** James Rowen made general comments.
6. **Adjournment:** The meeting adjourned at 6:30 p.m.

Prepared by:

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Senior Staff Aide

APPROVED:


Jennifer Sparacino
City Manager