

Almaden Valley Community Association
Meeting Location
Almaden Community Center, 6445 Camden Avenue
Monday, June 14, 2010

Executive director of the San Jose Redevelopment Agency, Harry Mavrogenes, speaking on “How the RDA works and copes during challenging financial times

AVCA President Jerry Mungai opened the meeting at 7:00 pm and introduced Harry Mavrogenes, Executive Director of the San Jose Redevelopment Agency (RDA). In his presentation, Mr. Mavrogenes was assisted by Paul Asper. Following is a brief summary of the talk and question and answer period.

The RDA is a city agency that is a “creature of State Law” and has responsibility for the second largest affordable housing development in California (after Los Angeles).

The source of RDA funding is something called tax increment. When the RDA obtains property in San Jose, it is awarded all of the difference between the City’s portion of previous property tax revenue and current property tax revenue from that property.

Its original purpose was to improve a failing downtown San Jose. Now it is involved in various properties all over the City, especially through its “Strong Neighborhoods Initiative.” Its goals are to

- Create jobs,
- Build public facilities,
- Strengthen neighborhoods, and
- Create housing.

Of the \$204 million per year the RDA receives from “incremental taxes,” roughly 20% is devoted to affordable housing and 30% is expended in job creation efforts. The RDA has created 60,000 jobs. Mr. Mavrogenes said these jobs were “created in our areas with our efforts.”

Statewide, RDAs took credit for a \$31.84 billion contribution to the economy in 2003. Again, according to statewide statistics, every dollar spent by an RDA results in \$14 in additional economic output.

Currently, two companies are moving to San Jose. “We’re helping with a \$600,000 equipment purchase.” [Secretary’s note: at the request of the Board, the Secretary verified with Sandy in the office of Harry Mavrogenes that the RDA paid the full \$600,000 toward the equipment purchase.] The result will be an increase of 125 jobs in North San Jose.

Other recent RDA accomplishments include

- The Convention Center, which has helped fill hotel rooms;
- The HP Pavillion;
- Highways 85 and 87; and
- The Library, a joint project with San Jose State University.

The \$100 million annual budget for Strong Neighborhoods allows neighborhoods to select projects. Recent projects include:

- Hoffman Via Monte Community Center (replacing two buildings);
- Edenvale Community Center (built on Oak Grove School District Land);

The RDA helped with the permitting process that has allowed Whole Foods to build a new store on Blossom Hill near the Almaden Expressway.

The State of California took \$62 million from the RDA this year. Next year it will take \$13 million. This year it took over \$2 billion from RDAs, statewide. The State is “anti-business.”

The focus of the RDA with limited funds will be:

- The proposed new ballpark;
- The Convention Center expansion (hotels have agreed to “tax themselves”);
- Business development.

At this point the session was opened for questions.

Q. When hotels “tax themselves,” doesn’t that mean the tax is passed on to the hotel customers?

A. Yes, but the hotel tax in San Jose is still lower than in surrounding communities.

A number of comments and questions followed about the proposed High Speed Rail (HSR). A representative selection is reported.

Q. Why have a High Speed Rail?

A. “The airlines will kill it.”

Q. Who is behind the HSR?

A. Among others, Rod Diridon.

Comment: the airport has expanded and air travel is down.

Q. How successful are the RDA’s high rise condos?

A. Four high rise condos have been built and are in the sales process. All are “hurting.”
“We’re lucky they all got built.”

Comment: as a San Jose Librarian I received a comment from a resident of San Bruno that the San Jose RDA was an example of “Redevelopment done right.”

Q. Won't the global warming legislative attack on the energy industry hurt manufacturing.

A. The solar industry may help, but manufacturing is generally outsourced away from California already. Here in Silicon Valley, we can provide incubators for startups that will presumably not be hurt as much by California's energy laws.

Q. What are the trends in business licenses in San Jose over the last two years?

A. I don't have those statistics, but they should be available from the economic development department.

Q. Could you characterize the types of businesses in downtown San Jose?

A. Attorneys, accountants, Adobe, startup technology, restaurants.

Q. Is the State anti-growth?

A. The neighborhoods don't want growth.

Q. Could you give a San Pedro Square update?

A. We have converted two older buildings into a market. We're providing loans and public improvements. There are plans for roads, parks, townhouses, and high rises.

There was a brief recess at 8:05 pm.

Business Meeting

After a brief recess President Jerry Mungai opened the business meeting at 8:10 pm.

Board Members present included:

- **President Jerry Mungai,**
- **Vice President: Pat McMahon,**
- **Secretary: Ray Strong; and**
- **Director: Susan Bailey.**

There was a lengthy discussion of the complex quorum rules of the AVCA. The chair ruled that a quorum to do business was not present but that the bylaws allow the remaining board members to elect new directors if the vote of those present is unanimous.

A motion to appoint Joe Boudreau to the position of Director was made and seconded but failed on a vote of 3 in favor and 1 opposed.

Lacking a quorum to conduct business, the board continued with planning discussions. In particular the board discussed notifying the membership of the AVCA about a vote to be taken at the next meeting on the following resolution:

AVCA Resolution

Whereas the City of San Jose (City) has an unsustainable employee and retiree compensation and benefits cost structure that results in pay and defined benefits more generous than those found in the private sector and that rises at a higher rate than does the City's revenues;

Whereas these pay and benefit costs result from a requirement that fire fighters, peace officers, and City management submit to binding arbitration in the event of contract negotiation impasses; and

Whereas the arbitration awards have resulted in salary and benefits that exceed the City's ability to pay;

Now be it resolved that the Almaden Valley Community Association (AVCA) Board of Directors does hereby urge the San Jose City Council to place on the November 2010 ballot a proposition that (a) calls for the immediate elimination of binding arbitration as a way to resolve salary and benefit disputes between the City, fire fighters, peace officers; AND (b) initiates a portable defined contribution retirement plan for all employees who begin employment with the City effective 60 days after the date the proposition is accepted by a majority vote of the voters in the November 2, 2010, general election.

The meeting adjourned at 8:55 pm.

**Draft Minutes submitted June 27, 2010
Approved as amended July 12, 2010
Ray Strong, Secretary**