



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Nanci Klein
Jim Shannon

SUBJECT: SAN JOSE EARTHQUAKES
SPORTS COMPLEX

DATE: May 29, 2024

Approved

Date: 5/29/24

RECOMMENDATION

Direct the City Manager to continue negotiations with the County of Santa Clara and Earthquakes and to identify one-time funding of up to \$6.0 million for a tentative agreement for the development of the San Jose Earthquake Sports Complex in a manner that minimizes additional costs for the ongoing operations and future replacement of the facility, while also providing community access to the new facility, and return to the City Council once negotiations are finalized and a funding strategy has been identified.

BACKGROUND

The Mayor's March Budget Message for Fiscal Year 2024-2025, as approved by the City Council, directed the Administration to bring forward a Manager's Budget Addendum analyzing how the City might best support the development of the San Jose Earthquakes Sports Complex in a way that maximizes benefits for the community.

The San Jose Earthquakes are preparing to partner with the City and County to build a professional sports training complex on 12 acres at the Santa Clara County Fairgrounds. This collaboration could benefit San José, including the opportunity to build four new public fields as part of the overall facility and secure free public field use for underserved community groups.

Pursuant to an exclusive negotiating agreement executed in April 2022, the County and the Earthquakes negotiated an arrangement for the Earthquakes to lease a portion of the County's Fairgrounds property near Umbarger and Monterey Roads to construct the San Jose Earthquakes Sports Complex. The project would include 16 acres of public soccer fields and 14 acres for the Earthquakes' use, including a 35,000-square-foot practice and training facility. In all, the project would entail the construction of eight total fields.

ANALYSIS

Based on preliminary negotiations with the County and Earthquakes, the parties are seeking a contribution from the City of \$6.0 million for the project, or approximately one-third of the cost to construct the public portion of the project. In return, the City would seek equitable access in the form of free use for league play from underserved communities and establishing open free play hours for each public field that make it available to the community. This free use access would be in addition to other fee-based league play open to various community groups.

As the project will intensify an unincorporated pocket of County land along Umbarger Road, the project will need to account for the impact of the intensification on City infrastructure and services, including City sewer and storm systems, roadways, police, and fire. Umbarger Road is unimproved and is not served by curb, gutter, or sidewalks. The project must improve Umbarger Road to provide safe and accessible access for all visitors.

Following initial discussions, should the project address the equitable access described above, does not commit the City to significant future ongoing operating or replacement costs, mitigates its impact on City infrastructure and services, and provides safe and ADA-compliant access along Umbarger Road, the City would contribute a total of \$6.0 million for the project. The Administration would seek to minimize upfront costs to the City by aligning the payment schedule to project delivery milestones, with an initial payment of \$1.0 million at the start of the project on or about January 2025, with the second payment of \$5.0 million provided near the project's conclusion, on or about January 2026.

This extended payment schedule would allow the City to identify sufficient funding levels over a two-and-half to three-year period. Since the project would make improvements to both recreational facilities and street facilities, the Administration would look to supplement contributions for eligible funding sources within the Parks and Community Facilities Capital Program and the Traffic Capital Program; however, as these capital programs are currently oversubscribed and underfunded, the General Fund may need to be a primary source of funding, especially for any negotiated payments in the near term.

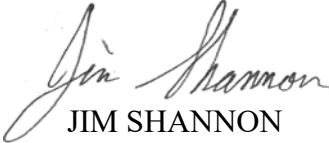
Negotiations with the County and Earthquakes are ongoing. The Administration will work to bring forward an agreement before the end of the calendar year along with a recommended funding plan for City Council consideration.

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COORDINATION

This memorandum was coordinated with the City Attorney's Office.

/s/
NANCI KLEIN
Director of Economic Development
and Cultural Affairs


JIM SHANNON
Budget Director

For questions, please contact Nanci Klein, at Nanci.Klein@sanjoseca.gov.