

Memorandum

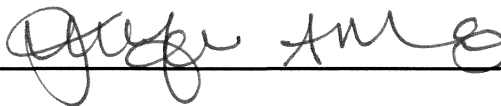
TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: January 16, 2020

Approved



Date

1-17-20

INFORMATION

SUBJECT: STATUS OF THE LEASE NEGOTIATIONS WITH CALTRANS FOR A BRIDGE HOUSING COMMUNITY

The purpose of this information memorandum is to notify the City Council that the City and Caltrans have executed a lease agreement between the two agencies to secure the future Bridge Housing Community (BHC) site adjacent to Felipe Avenue in City Council District 7. The City received an electronic version of the signed lease on December 20, 2019. Once the City receives the original signed document, the City Clerk will record the agreement to complete the lease execution process. It is anticipated that the execution process should be completed by the end of January 2020.

BACKGROUND

On November 5, 2019, the Housing Department provided an update to the City Council on the status of lease negotiations between the City of San José and Caltrans for the prospective BHC site located at the South/West quadrant of State Highways 280/680/101, adjacent to Felipe Avenue. The November meeting provided the City Council with a brief update on overall BHC development, negotiation efforts between the City and Caltrans, and the remaining barriers preventing the lease agreement from being finalized. Following the City Council's direction, the City Administration re-engaged Caltrans to revisit the small number of unresolved lease provisions.

On November 13, 2019, a small group of essential City and Caltrans staff met to negotiate the unresolved provisions. By the end of the four-hour discussion, both City and Caltrans were able to resolve the last two disputed lease provisions. These two provisions are:

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- *Insurance Requirements* – Caltrans accepted the City’s self-insurance letter. The City has committed to maintaining the current \$15 million funding level in the City’s Workers’ Compensation/Catastrophic Reserve through the duration of the agreement.
- *Unreasonable Assignment of Liability* – During discussions, the City and Caltrans re-evaluated the various areas of potential liability. With a clearer understanding, City and Caltrans representatives drafted mutually acceptable language to address the assignment of liability.

The full lease agreement is available for review.

Next Steps

City staff will continue to expeditiously complete the site plan reviews required internally and through Caltrans as well as several third-party agency reviewers such as the Federal Highway Administration. City staff will also continue to work with the utility providers to begin scheduling power and water installation at the site. The City’s BHC Contractor, Habitat for Humanity, continues to build the sleeping cabins off-site in preparation for the second site. The site operator, HomeFirst, is recruiting and educating the Rapid Rehousing Program service providers to refer their clients to the BHC. As presented in the November 5 City Council update, staff anticipates the second site to open in early to mid-summer 2020.

/s/
JACKY MORALES-FERRAND
Director, Housing Department

For questions, please contact James Stagi, Interim Division Manager, at (408) 535-8238.

