



# Memorandum

**TO:** MAYOR LICCARDO

**FROM:** Councilmember Johnny Khamis

**SUBJECT:** BUDGET DOCUMENT

**DATE:** May 21, 2019

Approved

Date

5/21/19

## RECOMMENDATION

That the following recommendation be enacted.

### Proposal

Program/Project Title: **State of California Historic Almaden Winery Building**

Amount of City Funding Required: **\$3 Million**

Fund Type (i.e. General Fund, C&C funds, etc.):

**There are three funding sources I have identified below that can be used for my funding request.**

- **Uncommitted Funds Available from the Google sale (\$14.4 million)**
- **Uncommitted Funds Available from the Coleman sale (\$20.1 million)**
- **\$350,000 from the District 10 Construction & Conveyance Tax**

This change is: This request is a One Time Capital Request.

**One-time Capital Request**       Ongoing

Proposal Description, including anticipated outcomes (describe how change would affect services for San José residents, businesses, community groups, etc.):

### Funding Request:

**I request that \$3 million be set aside for the rehabilitation and preservation of the Historic Almaden Winery Building, a CA Historic Landmark (No. 505) located on the property at 5730 Chambertin Drive San José, CA 95118.**

The City of San José has owned this building for over 40 years; however, the City has not used or invested in this building since it acquired ownership of it. The City of San José has kept this historic landmark closed, leaving the building in an ongoing deteriorating state which is getting much worse with time. The City's Public Works department undertook environmental remediation to abate asbestos and lead hazards and the building now awaits further work.

With the proper investment, the upstairs could be utilized for much-needed office space for City staff with the downstairs utilized as a historic interpretive site – an important stop on the Santa Clara County wine trail. An initial expenditure up to the amount available in the District 10 C&C funds could be used to bring needed, basic utilities to the site, with further work completed with the other funds outlined above.

As the owner of this historic asset, the City of San José has an obligation to care for and maintain this building and should take advantage of every opportunity (funding, non-profit partnerships, etc.) to ensure this (and all) historic buildings owned by the City are maintained and are accessible to the public.

Although this building is in District 10, San José's historic resources belong to all of us and benefit the City as a whole. Therefore, funding for City-owned historic structures should be a shared City-wide budget item.

The funding sources I recommend have not yet been fully allocated by the Council and Mayor, thus, a one-time allocation of \$3 million will not detract from any service, project, or program provided by the City.

Lastly, the goal would be for this funding to be used for the historic Almaden Winery Building within three fiscal years. Any monies left in the account after three years would be returned to the City of San José General Fund.

**Non-Profit Partnership Opportunity:**

The Friends of the Winemakers (FOW), led by Marv Bamburg, the owner of MBA Architects located in San José (for 50+ years), has indicated an interest in working with the City of San José to open this building to the public and is willing to participate in fundraising efforts in the way of grants and a capital fundraising program.

**Synopsis of Historic Winery Building & Location Background:**

The entire area (approximately 35 acres) where the historic Almaden Winery building sits holds significant historic importance in San José and California history. So much so, that an historical analysis, titled, "AN ANALYSIS OF THE HISTORICAL & ARCHITECTURAL SIGNIFICANCE OF THE ALMADEN WINERY SITE" was required to be produced prior to any development of the homes that now surround the site. At the time of the analysis, there were numerous buildings located at the site that were part of the Almaden Winery. Unfortunately, all but two of the former winery buildings were destroyed in a fire. The two remaining buildings are (1) the Almaden Winery Community Center (owned by the City and in the Re-Use program) and (2) the historic Almaden Winery Building that has been closed for over four decades. The historic analysis report was prepared on May 4, 1988 by Urban Programmers.

The Almaden Winery building is a California Registered Landmark No. 505 in recognition of the beginning of a new commercial industry: premium winemaking, established by Charles Le Franc in the 1850s. The CA Registered Landmark reads: *ALMADEN VINEYARDS On this site, in 1852, Charles Le Franc made the first commercial planting of fine European wine grapes in Santa Clara County to found Almaden Vineyard. Le Franc imported cuttings from vines in the celebrated wine districts of his native France, shipping them by sailing ship around the Horn.*

Up to its sale in 1982, the Almaden Winery Building, located at 1530 Blossom Hill Road in San José, could claim the distinction of being the oldest winery in northern California. Le Franc was the first winemaker in northern California to import European stock (*vitis vinifera*) to produce the varietal wines familiar today. These early cuttings - Pinot, Sauvignon, Semillon, Cabernet, and Grenache - were grafted onto the mission root stock. Le Franc realized that there was a growing market for quality wines and brandies in California, and he set in motion a company that would eventually be the third largest producer of varietal wines in the nation. By 1862, the Almaden Vineyard consisted of 75 acres producing approximately 100,000 gallons of varietal wine which was winning prizes at county fairs and competitions.

**Funding Source**

Essential Services Reserve (~~\$2~~<sup>\$4</sup> million)

There are three funding sources I have identified below that could be used for my funding request.

- A portion of funds available from the Google sale (14.4 million)
- A portion of funds available from the Coleman sale (20.1 million)
- \$350,000 from the District 10 Construction & Conveyance Tax

Department or Organization:

**Marv Bamburg, owner of MBA Architects, provided the \$3 million estimate (which is based on today's renovation costs).**

Department or Organization Contact (list contact information for the individual that certified cost estimates contained within your recommendation):

Name: **Marv Bamburg, Owner, MBA Architects**

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