

From: [Handler, Elisabeth](#)
To: [Downtown West Project](#)
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Attachments: [Notes for Nour interview June 2019 v3.docx](#)

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Suggested approaches – Nour Malas/WSJ request for “tick-tock” descriptions of the Feb-May 2017 Google/CSJ discussions

Context:

In 2016-2017, the economic recovery from the recession was continuing, with upward pressure on rents, housing prices and housing supply in the Bay Area. Cities throughout the Peninsula such as Palo Alto were under pressure to “close the doors” to future development...after nearly a decade of office/R&D investment and very little housing.

Since the end of the DotCom Boom, San Jose had not been seeing its share of the wave of the Bay Area’s tech business growth.

Emerging from the 2008 recession and throughout the recovery, the City has been reaching out to growing tech employers to encourage them to consider growing in San Jose. Per the City’s adopted General Plan, the goal was balanced growth, to redress the city’s longstanding adverse jobs/employed resident ratio.

During this timeframe, San Jose’s pace of transit reconfiguration and expansion planning in and around San Jose was picking up:

- Partnership formed between the City, VTA, Caltrain, and HSR to collaboratively plan the transit/rail and urban redevelopment around Diridon Station as one visionary, cohesive, destination place
- Imminent opening of the Milpitas and Berryessa BART stations
- Final decisions regarding construction options for the tunneling for BART through Downtown to Diridon Station
- Plans for electrification of Caltrain to provide faster, more commuter-friendly boardings
- Representatives from the City visited Denver to learn from that city’s experience in developing the area around Union Station, and learned that one of the key success factors for such a project was working with a Master Developer.

Sequence of events:

When Mayor Liccardo got the query about Google’s interest, his and City staff’s intent was to quickly provide information about the City’s vision and plan for this area. A few areas were important:

- City had envisioned needing a master developer, to ensure cohesive not piecemeal planning for a high-quality destination; This is critical for place-making and for ensuring connectivity of the development to the rest of the city
- Importance of substantial office capacity
- Important of mixed use, including a housing component, including affordable housing
- Maximizing the density of development in that transit-rich area
- Creating a “permeable” project that would integrate with downtown and nearby neighborhoods...not be an isolated campus

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- Expectation of significant community engagement—more and earlier than for standard developments
- Opportunity to integrate planning for the rail/new station with the private development (a la lesson learned from Denver Union Station Area)
- Need to comply with State-approved Property Disposition Plan, and inter-agency Compensation Agreement process

Specific City goals:

- Jobs & revenues
- Fully developed multi-modal transit with appropriate dense commercial and residential development
- Place-making and community integration of a major corporate partner.

Google did not ask for a subsidy or incentive, and the City did not offer.

Subsequent to the initial expression of interest by Google in early 2017? (when?), several phone calls and in-person meetings over a couple of months included Nanci Klein, City of San Jose Director of Real Estate, the Mayor's former advisor on Land Use & Economic Development, and Mayor Liccardo. These were not formalized into a recurring sequence and occurred on an as-needed basis.

There were three main issues to be discussed:

1. Was the City interested in Google potentially investing in a major development around Diridon?
2. Were Google and CSJ aligned enough to create a win-win-win?
3. Would the City consider selling the properties it owned in the area and facilitate the sale by SARA to Google at the required fair market price?

With these issues engaged, the conversations then focused on the substance that was captured in the Council Memo [Exclusive Negotiation Agreement](#) released on June 8, 2017, giving Google the right to negotiate to purchase City-owned and SARA-owned properties in the Diridon Station area.

These initial conversations were covered by non-disclosure agreements which expired at the posting on June 8 of the Council Memo recommending the ENA, which was deliberated by Council and passed (unanimously?) at the June 20 Council meeting. (NDAs are used commencing major property sales negotiations, to prevent speculative price increases in the market.)

This development will not result in any involuntary displacements of residents or businesses.