COUNCIL AGENDA: 10-16-07
ITEM: 11.4

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

# Memorandum

**TO:** City Council

**FROM:** Mayor Chuck Reed
Councilmember Kansen Chu
Councilmember Nancy Pyle

**SUBJECT:** **NOVELLUS DEVELOPMENT IN NORTH SAN JOSE**

**DATE:** October 12, 2007

**APPROVED:** Kansen Chu Chuck Reed **DATE:**
for NP

## RECOMMENDATION

Approve staff recommendations associated with Item 11.4 on the October 16, 2007 City Council Agenda with the following additions:

1. Parkland: Accept the developer proposal to dedicate 6-acres of parkland for neighborhood and community parks, and to contribute $3 million towards the construction of park improvements and $1.5 million towards park maintenance.

    i. Require the developer to dedicate a 1-acre fully improved, turn-key neighborhood park on the site shown on page 3 of the staff report;

    ii. Direct staff to explore opportunities to fund the construction of the 5-acre community park at North First Street and Vista Montana in a manner consistent with the timeline of the Development Agreement, and using the remainder of the developer contribution after item i above is completed and other sources of funds generated from projects in the North San Jose area;

2. Require the use of Leadership in Energy and Environmental Design (LEED) practices to achieve credits sufficient for LEED Silver certification or equivalent standards to the satisfaction of the Director of Planning, Building and Code Enforcement; and,

3. Provide regular updates on the progress of the project during construction to adjacent property owners and corporations within close proximity of the project site.

## BACKGROUND

Novellus Systems Inc. moved to San Jose in 1986 and currently occupies 750,000sf on North First Street in the Innovation Triangle. Ranked among the Top 10 semiconductor equipment companies in the world, Novellus had revenues of $1.6 billion in 2006 and employs 3,300 people in 16 countries. 1,200 employees are located in North San Jose.

CEO Rick Hill desires to grow his company in North San Jose and maintains that the development proposal is an employee retention and attraction strategy. The company wishes to enable its workforce to live close to its North San Jose global headquarters and enjoy sports amenities and retail services within walking distance from its campus. As a testament to its desire to grow in San Jose, the company will enter into a Development Agreement with the City to reserve 870,000sf of the Vision 2030 Policy Phase 1 Office R&D space for its future use, including the transfer of 270,251sf from the properties subject to the pending re-zonings to residential use.

This development proposal generated by Novellus Systems Inc. is consistent with the North San Jose Vision 2030 Policy. It provides for the future expansion of a leading local driving industry company, facilitates the development of 998 units of high density for-sale and rental housing, dedicates 6-acres of neighborhood and community parkland, and funds $1.5 million in park maintenance. Total investment in the residential development is estimated at $410 million. It is also estimated that over 7,300 construction-related temporary jobs for specific trades will be generated during the building of the residential projects.

Your approval of this item is appreciated.