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FOR IMMEDIATE RELEASE

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**Additional Comments: A Joint
Statement from the City and
County is forthcoming**

Agreement Reached to Settle Lawsuits

County to Recover Fairground Losses and Gain Traffic Mitigation

SAN JOSE, CALIF.—Today, the County of Santa Clara Board of Supervisors agreed to a settlement with the City of San Jose that will bring to closure two outstanding lawsuits in which the Superior Court upheld the position of the County of Santa Clara – (1) the County’s successful countersuit filed against the City of San Jose in response to the City’s lawsuit to stop the County’s development of the Fairgrounds Theater Project; and (2) The County’s lawsuit about the City’s failure to mitigate the significant impacts to the County Expressways from development that will occur over the next 10 to 25 years.

On March 2, 2006, after review of the facts and arguments pertaining to the County’s Fairgrounds Theater project, Judge Marie S. Weiner of San Mateo County Superior Court ruled in favor of the County of Santa Clara in Case No. 442629 (*City of San Jose, a municipal corporation; Redevelopment Agency of the City of San Jose v. County of Santa Clara; Santa Clara County Financing Authority; Silicon Valley Theatre Financing Authority*). In a separate unrelated land use matter, (*the County of Santa Clara, City of Milpitas and City of Santa Clara et al v. City of San Jose, Master Case No. 1-05-CV-46005, Consolidated with 1-05-CV-04613 and 1-05-CV-046025*), that same week Superior Court Judge Leslie C. Nichols ruled that the County is entitled to relief for the City of San Jose’s failure to adequately explore mitigation measures for impacts to transportation facilities of these jurisdictions from the North San Jose Project approved by the San Jose City Council in June 2005.

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Since the two court rulings, representatives for the County and the City have been meeting to negotiate an appropriate financial settlement to cover damages to the County that resulted from both cases.

“We are pleased to have resolved this range of complex issues,” said Supervisor Jim Beall, Chair of the County of Santa Clara Board of Supervisors. ““Now we can put these lawsuits behind us and move forward with providing basic public services to the people of Santa Clara County and City of San Jose.”

The main terms of the agreement follow:

Fairgrounds Lawsuit and other Related Issues

- The City and its Redevelopment Agency have agreed to pay a total of \$22.5 million in three payments of \$7.5 million over the next three years beginning in June 2007. The funds will be used toward a community project, such as construction of a County Crime Lab, or court seismic or hospital seismic capital project that benefits the citizens of San Jose.
- Annexation of County Pockets of 150 Acres or Less - City staff will immediately initiate a process leading to the annexation of all such existing pockets of 150 acres or less and make good-faith efforts to complete all such annexations by April 15, 2011. The County will bear the costs of assessor work and fees, surveyor work and fees, and LAFCO work and fees for those annexations.
- Annexation of County Pockets Greater Than 150 Acres – City staff will immediately initiate a process leading to the annexation of all such existing pockets greater than 150 acres and make good-faith efforts to complete all such annexations by April 15, 2011. The City must adopt a Specific Annexation Plan for each such pocket that includes target dates for key milestones, such as pre-zoning, comparison of services and charges shall be mailed to property owners and registered voters, community information meetings, and development and submittal to LAFCO an annexation map, formal initiation of annexation by resolution, and compliance with the Cortese Knox Hertzberg Local Government Reorganization Act.
- The County will cooperate with the City by providing, at the County’s sole cost and expense, information to the City in order for the City to prepare a comparison of service and charges to be mailed to property owners and registered voters.

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- The parties will meet, confer and reach agreement on the sharing of revenues from the County pockets subject to annexation.

“It was important to spell out and reach agreement on the County’s expectations for the annexation of urban pockets more specifically,” said Ann Ravel, County Counsel. “We have had a general agreement on the annexation of urban pockets since 2001, which has been virtually ignored.”

Resolution of North San Jose Litigation

In the North San Jose CEQA litigation, Judge Nichols granted the County all of the relief requested, including voiding the City’s certification of the Environmental Impact Report and project approval. The City approved an environmental analysis of Rincon de los Esteros redevelopment plan without fully considering the resulting traffic problems which is expected to generate an additional 487,000 new daily person trips, and only 32% of which are expected to stay within the North San Jose area.

- As part of the Phase I infrastructure improvements, San Jose must complete and fund mitigations as follows: Montague widening to 8-lanes between Lick Mill to Trade Zone all portions of the Expressway regardless of City boundaries, including Interchange modifications at I-880 and the Trimble flyover. The McCarthy-O’Toole Interchange is to be completed in Phase III.
- By June 2010, San Jose will pay to the County \$11 million for the Montague "base project" 8-lane improvements as identified in the Expressway Study Tier 1A project, specifically: interchange modifications at I-680 and widening between I-680 and Park Victoria, and any widening remaining to be done between Capitol and I-680.
- A sufficient time prior to when Phase III of the project commences and continuing until funding occurs, County of Santa Clara and City of San Jose agree to support and vote for inclusion in the VTP 2030 plan and as a high-priority item for STIP funding to reconstruct the interchange at Montague and Highway 101, with improvements to Mission College Boulevard as identified in the Expressway Study Tier 1B project.
- A sufficient time prior to when Phase IV of the project commences and continuing until funding occurs, County and City of San Jose agree to support and vote for as a high-priority item STIP funding to extend the limits of the mitigation project for San Tomas Expressway Widening to 8-lanes at Stevens Creek (identified in the EIR) to Saratoga to the north and Moorpark to the south.

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