

SJDA sues county

Association aims to stop fairgrounds concert hall project

Claiming that Santa Clara County's theater project is a waste of public funds, the San Jose Downtown Association (SJDA) filed a lawsuit against the county last month.

The lawsuit states a concert theater is not a proper use for the fairgrounds from a location or economic point of view. As SJDA outlined in a letter to the Board of Supervisors in April, the county is also placing itself at risk because its theater revenue projections are overstated.

"By ignoring the facts and basing revenues on fantasy numbers, they're wasting public funds," said SJDA Executive Director **Scott Knies**.

Private businesses – namely the builder and future theater operator – and not the county itself, stand to benefit most by county efforts to build a 7,100-seat concert hall at the Santa Clara County Fairgrounds, the suit alleges.

The suit, filed Aug. 2 in Santa Clara County Superior Court, protects the Downtown Association's members and the enormous investments they've made downtown, Knies added.

The lawsuit is brought by the San Jose Downtown Association and taxpayers against the County of Santa Clara, the Board of Supervisors, the Santa Clara County Financing Authority and the Silicon Valley Theater Financing Corp.

The suit alleges the county has violated environmental laws by failing to update its Environmental Impact Report (certified in April 2000) and not properly analyzing alternatives before voting for the project. The currently proposed fairgrounds theater project is substantially different than the one on which the EIR is based, the lawsuit contends.

In addition, the county is committing waste. To issue tax-exempt bonds, the

Ease on city policy may spur high-rise growth

Incentives to build high-rise residential buildings downtown ratcheted upward several stories last month after a go-ahead by the San Jose City Council supported by Downtown Association members.

For developers obtaining permits before June 30, 2006, and building towers of 12 floors or higher, the city waived policies requiring 20 percent of housing developments be affordable units. Some possible future high-rises may be at the former Dimensions nightclub site on South First Street; on San Fernando between Second and Third (see item on back page); Block 8 across from Plaza de Cesar Chavez; north of St. James Park; north of San Pedro Square; and next to Hotel DeAnza.

"One of the Downtown Association's major goals is to increase density," said SJDA President **Jan Schneider**. "Encouraging high-rise home ownership in the core is the right move at this time by the City Council."

SJDA board members **Henry Cord** and **Dennis Randall** addressed the City Council when the program was approved. Other members of the Coalition for Jobs Now also spoke in favor of the change.

In a compromise with housing advocates, the City Council dedicated two years of future property taxes created by the high-rise projects for the city's affordable housing fund.

downtown

Dimensions

City Council also files suit

On Aug. 2, the same day SJDA sued the county, the City of San Jose also filed suit against the county. The city suit alleges that the county was wrong in approving the concert hall because it did not first gain the city's approval. The city says it must first provide formal approval to any development within its urban service area, and that the new concert hall would cause traffic and strain city services such as police and fire. The city also claims that the county and city previously mutually agreed to develop unincorporated land together and that such cooperation did not occur before the county unilaterally approved the music hall.

Similar to the SJDA suit, the city also says that the county violated state competitive bidding laws prior to awarding the contract to a developer.

The county plans to file a countersuit against the city, claiming that the city failed to follow the correct process to challenge the county's decision. The city, reportedly, should have gone to a mediator before filing suit, the county says.

Silicon Valley Theater Financing Corporation must have acted as an instrument of the county, and therefore was required but failed to follow public bidding laws to engage the design-build contractor. Turner Construction Company was engaged as the design-build entity without proper process and has not been required to obtain the statutory bonding. Moreover, the county is imposing a tax in the form of a ticket assessment from which they will derive revenue, without submitting the tax to a vote of the people. In addition, the lawsuit also states that county revenue projections are flawed; that the county will not derive any revenue from fairgrounds theater operations; and that the county will relinquish public land for 55 years of private commercial use, all constituting a waste of public funds.

The Downtown Association has expressed its adamant opposition to the county's theater plan since February. A recent poll of county residents affirmed SJDA's contention that the concert hall does not belong at the fairgrounds, revealing by a 2-to-1 margin that any future concert hall should be located downtown and not at the fairgrounds.

As of Aug. 24, SJDA's attorney, **Jay Ross** of Hopkins & Carley, a Law Corporation, awaited response from the county. "Whatever the response, we believe the case has merit and the county did not act prudently," Ross said.

A letter by County Supervisors **Blanca Alvarado** and **Don Gage** that appeared in the Aug. 13 *San Jose Mercury News* said that the theater is the anchor tenant for a fairgrounds master plan that also includes a new Expo Center, renovated fairgrounds, recreation facility, health clinic and housing for 570 families.

The county planned to start construction on the theater this fall after obtaining financing through the sale of bonds, which is now delayed.

Several historic buildings undergo renovation

Renovation work has begun on two more historic buildings – and longtime downtown eyesores – as the result of the San Jose City Council's approval of \$2.9 million in funding in August.

Rehabilitation of the buildings owned by **Dr. James Eu** at 35-49 E. Santa Clara St. is widely recognized as a major milestone in the long-term revitalization of the core area. Work to clean up the buildings and secure the roof began in July. Project work to restore the buildings to their former grandeur will begin this month. The total \$4.5 million project – with Eu's Isis Co. also contributing to the effort – should take about 18 months to complete.

When finished, the ground floor will be used for retail purposes; the top two floors will be office space.

Eu's building at 35-39 E. Santa Clara was built in 1876 and is considered one of the oldest three-story brick structures in the Bay Area. Its remodeling into its present *art moderne* style occurred in 1936. The building next door on the corner of Second Street was built in 1887 with Victorian design characteristics and remodeled in 1924-25.

The Historic Landmarks Commission and Preservation Action Council have both reacted favorably to the proposed improvements for the buildings.

The buildings have fallen into disrepair since being vacated

following the Loma Prieta earthquake of 1989. Eu purchased the buildings – last used as a restaurant and tailor's shop – in 1986.



Dr. James Eu

"I look forward to the day that these buildings become vital assets to the city," Eu said.

In related news: Owners of six buildings at 27-37 Fountain Alley and 28-40 E. Santa Clara Street are gearing up for extensive seismic retrofits and façade restoration.

Some of the buildings, several of which have not had tenants on their upper floors for almost 50 years, were built in the late 1800s. Partners Barber Trusts and Kotansky Properties hope to have the buildings ready for tenants about 18 months after plans are approved, said **Ruth Shikada** of the city's Redevelopment Agency.

Shikada indicated that similar timing exists for the Porter Stock Building, another unreinforced masonry structure at 83-91 S. First St. soon to undergo renovation by owner Barry Swenson Builder.

All three rehab projects are part of the "Downtown Improvement Pool" program devised by the Downtown Association and approved by the City Council, sitting as the Redevelopment Agency Board, in December 2003.

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Finishing touches made as California Theatre set to open Sept. 18

All systems are go for Mozart's classic "The Marriage of Figaro" to premiere Sept. 18 inside the refurbished, expanded – and beautiful – California Theatre in the heart of the SoFA district.

While tickets are being snatched up by Opera San Jose patrons, finishing touches on the theater continue to be made by construction workers.

Originally built in 1927, the theater was last open for business in 1973. Once refurbishing is completed, the theater will expand in size from 40,000 square feet to more than 61,000 square feet and will seat 1,119. Special features include a 42-foot-deep stage floor, 53-foot-high sign, 104-foot-high theater tower, rehearsal room, conference rooms and dressing rooms

for as many as 75 performers. In addition, workers painstakingly recreated many of the decorations that adorned the theater in its first heyday as a vaudeville palace.

"At last, our move into the magnificent California Theatre is here," said Opera San Jose General Director **Irene Dalis**.

In addition to the opera, Symphony Silicon Valley Symphony, old movie classics and other events will play at the theater.

Call 437-4450 or go to operasanjose.org for more information about opening night galas. Also, look for special activities in the South First Area on Friday, Sept. 17.



The First Street grand entry has been restored to its original form.

Business News

Black Sea brightens South First Street: Dark since 1997, the future suddenly looks bright for the former Woolworth Building on South First Street just south of Santa Clara. Black Sea Gallery will sport a skylit showplace for Mediterranean-style furniture when it opens in the 25,000-square-foot building Oct. 1.

And in the spirit of the five-and-dime store that preceded it, Black Sea will eventually use the former Woolworth's counter as either a 50-seat coffee shop or 100-seat café and sushi bar. (Work on the restaurant portion of the store will begin in January.) Refurbishing plans call for other original elements of the Woolworth's store to connect the present and future to the past, said co-owner **Mike Sarimsacki**.

With regards to other major "reopenings," Zanotto's is back. More than 100 shoppers, residents and civic leaders attended the grand reopening in late August. Expressing excitement that the store returned after a year-long absence, City Council member **Cindy Chavez** asked for plenty of downtown support to help keep the downtown market at Second Street and Fountain Alley open. In turn, Zanotto's GM **Troy Tibbils** and co-owner **Dan Zanotto** pledged to continually improve their store to serve downtown customers.

Change in ownership: **Sherri Vail** has sold her salon after 17 years on Post Street. The salon continues to thrive under the name Vail, A Concept Hair Salon. Vail has taken on partner **Doug Rexrode** for her neighboring gift basket business – Merchant of Post Street – at 40 Post St. She's opening a second office in Southern California. Check merchantofpoststreet.com or call 288-9463 for information about gift baskets, corporate baskets and a wine club.

Crystal Lights Billiards, formerly Phong Giang Billiards, 98 E. San Salvador St., is now owned by **Howie Tran**, who is sprucing up tables and décor. Call 288-7171.

Thepthai Thai Cuisine, 23 N. Market St., is under the new ownership of **Darane Wilcenski**. **Sarah Jamwair** still manages the same delicious food.

Dan Tran and **Linda Nguyen** now own Angel's Cleaners, 50 Post St., offering cleaning, same-day service, and alterations. Call 298-3911.

New businesses: Togo's second downtown location is now open for sandwiches and for corporate business from the offices atop their new unit in San Pedro Square. The Togo's on Fourth Street across from the San Jose State campus remains open.

Bronze The Tanning Studio opens this month at 36 S. First St. Owned by **Leslie Phillips**, Bronze has tanning consultants available to advise on custom tanning plans. Customers can also browse through a selection of beachwear, watches and sunglasses. Check bronzetts.com. Call 292-7669.

John Shaw and **Charles Peoples** of CLP Specialty Advertising and Promotions, specialize in custom embroidery and silk-screened sports bags, T-shirts, caps and other apparel. They will also imprint company and team logos into promotional items. 50 E. St. John St. Call 489-1478.

City markets downtown restaurants: City officials are sponsoring "Experience Counts" ads in local media that spotlight 13 downtown restaurants that have been in business more than 20 years. The ad also refers readers to sjdowntown.com, where more than 130 downtown places to eat are listed.

SJDA News

More events this month: The weekly and immensely popular San Jose Downtown Farmers'

Market at San Pedro Square continues through Dec. 17. The veggies and fruits are just as fresh and delicious at this time of the year as they are in the heat of summer, so stop by San Pedro Street off Santa Clara between 10 a.m. and 2 p.m. every Friday. As the season progresses and the holidays approach, expect to find more artisans at the market selling their quality pieces.

Gypsy Cinema, spearheaded by Giant Creative Services, continues to show free outdoor movies at dusk in Circle of Palms, adjacent to the Fairmont San Jose. Its final showings this year are:
Sept. 10: "Magnificent Seven"
Sept. 24: "Seven Samurai"
As always, bring your own chair.

All the latest information is available by checking sjdowntown.com and populuspresents.com or calling 279-1775. Another reminder, free parking is available after 6 p.m. weeknights and all weekend in city lots.

June concerts bring spending downtown: Results of 454 surveys reveal that 80 percent of Miller Music in the Other Park concert-goers come from outside downtown to attend the free concerts and are happy to spend their entire Thursday evenings in June in the core area. More than two-thirds of respondents stay downtown after the event at St. James Park: the majority going to a restaurant and another high percentage visiting a bar or nightclub. Eighty percent of respondents figure they spend more than \$25; and of them, half spend more than \$50.

The survey was conducted from sjdowntown.com and surveys handed out at the park by the Downtown Association, which produces the concert event.

Another way to Discover Downtown: Discover Downtown San Jose, a new, exciting, marketing promotion, kicks off this month. More than 60,000 Discover Downtown San Jose card holders will gain access to dramatic discounts at restaurants, entertainment venues, retailers and service providers.

Holders of the wallet-size cards will simply view the offers on sjdowntown.com, go to the participating business, and show their cards to get the discount. Because the discounts are posted on the Web site, they can be adjusted easily and tailored to targeted groups by participating businesses.

Examples of deals include two-for-ones, dollars-off and percentage discounts to restaurants including Peggy Sue's, Blake's Steakhouse, Arcadia Restaurant, The Grill on the Alley, Eulipia, Kukar's and My Burger Place; retailers such as Blossom Floral Shop, Hijinx Comics, R&J Jewelry and Loan, and Sunanda; service providers like Copy Club, FedEx Kinko's, Family Life Chiropractic, Ramada Limited and La Reina; and entertainment organizations including Ballet San Jose Silicon Valley and Camera Cinemas.

Participating businesses will post special Discover Downtown San Jose decals in their storefront windows with descriptions of their offers.

Downtown businesses interested in joining the promotion can contact **Julie Carlson**, SJDA's director of special projects, at (408) 279-1775. Businesses and cardholders with comments can contact discover@sjdowntown.com.

General News

Block 3 plans up for review: Downtown stakeholders interested in CIM Group's plans for "Block 3" are invited to attend a community meeting at 5:30 p.m. Sept. 8 at the Dr. Martin Luther King, Jr. Library. CIM will unveil preliminary concepts for the site, located along San Fernando Street between Second and Third streets. The public can offer its input and concerns. General plans for the site show 68,000 square feet of

retail space, 335 condominiums and townhouses, and 570-746 parking spaces.

Fountain Alley lot development resumes: After overcoming their differences, the city's Redevelopment Agency and San Jose Parking will now work together to develop a mixed-use plan for the coveted Fountain Alley Parking Lot off Second Street across from Zanotto's. An agreement to include housing, retail space and parking could go to the Redevelopment Agency Board for approval early next year.

"This is an essential step in developing Fountain Alley that downtown residents have long desired," said **Al Schlarman**, president of San Jose Parking, which has development rights on the parcel owned by the Redevelopment Agency.

Before and since the agreement was reached Aug. 3, Fountain Alley District business owners and Downtown Association board members have made it clear to project officials that the design and appearance of any new building on the lot must fit into the context of the historic district. Association members are also adamant the new development includes plenty of parking to replace spaces to be lost once building commences.

"The look of the building – its architecture and public spaces – is of far greater concern to us than its height," said SJDA President **Jan Schneider**.

The Fountain Alley site is in the midst of the city's National Register Historic District. Current city guidelines suggest no new construction in the area should exceed 60 feet in height.

Fighting to save downtown hospital: A coalition of neighborhood groups is forming to prevent San Jose Medical Center from closing its doors for good.

"San Jose Medical Center is the only hospital in the downtown area," said SJDA Board member and Northside resident **Don Gagliardi**. "People are concerned ... we need a hospital nearby." San Jose Medical Center, on East Santa Clara Street at 16th Street, is best known for its trauma and family care facilities. Mayor **Ron Gonzales** was taken to the center for treatment after his stroke last winter, Gagliardi said.

Downtown residents and business owners will meet at 6:30 p.m. Sept. 23 at Roosevelt Center, 901 E. Santa Clara St., to discuss plans by Hospital Corporation of America (HCA) to consolidate San Jose Medical Center's operations into HCAs Regional hospital at Jackson and McKee roads three miles from downtown. A consultant

for the city and county will be at the meeting to talk to people most affected by possible closure. HCA owns San Jose and Regional medical centers, as well as Good Samaritan Hospital in San Jose. It acquired the hospitals in 1999. San Jose Medical Center has been open since 1923.

For information, email dgagliardi@be-law.com.

At the Convention Center

Sept. 18-21 – 2004 ASTC Annual Meeting (1,200)
Sept. 25 – Rubberama Rubber Stamp & Paper Arts Festival (2,000)
(expected attendance)

Next BOD Meeting

San Jose City Council District 10 candidates **Rich De La Rosa** and **Nancy Pyle** are scheduled to discuss their views at the next San Jose Downtown Association Board of Directors meeting. The public and all Business Improvement District members are invited to attend the meeting at 8 a.m. Friday, Sept. 10 on the second floor of the Dr. Martin Luther King, Jr. Library, located at Fourth and San Fernando streets.

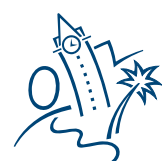
The District 10 winner will succeed Council member **Pat Dando**, whose term expires at the end of the year. De La Rosa is a businessman; Pyle is a San Jose/Evergreen Community College District Trustee.

Also, members should mark their calendars for the Association's Annual Meeting, scheduled for 8 a.m. Oct. 8 at Bella Mia restaurant. Please call **Julie Blatter** at SJDA, 279-1775, to RSVP for both meetings.

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