

SECTION 1.0 INTRODUCTION, BACKGROUND, AND PROJECT OBJECTIVES

1.1 INTRODUCTION

This Environmental Impact Report (EIR) has been prepared in accordance with the requirements of the California Environmental Quality Act (CEQA) and the City of San José. The purpose of the EIR is to inform the public and various governmental agencies of the environmental effects of the proposed Coyote Valley Specific Plan (CVSP) project. The proposed CVSP consists of various actions which, when taken together, will provide a comprehensive framework of land use policies for future urban development within the CVSP area of the City of San José. The actions, which are described in detail in Section 2.0, *Project Description*, include the following:

- Adoption of the Coyote Valley Specific Plan (CVSP);
- San José 2020 General Plan text and Land Use/Transportation Diagram designation amendments;
- Extension of the Urban Service Area of the City of San José south to the north side of Palm Avenue;
- Related amendments to Title 20 (Zoning Ordinance) of the San José Municipal Code;
- Rezoning of incorporated Coyote Valley land; and
- Prezoning and Annexation of land primarily in the Coyote Valley Urban Reserve to the City of San José.

1.2 PROJECT LOCATION

The Coyote Valley Specific Plan (CVSP) project area (“CVSP Area”) comprises approximately 7,000 acres of primarily undeveloped flat land located within the Sphere of Influence and Urban Growth Boundary of the City of San José, approximately 12 miles south of downtown. The Planning Area is bounded by Tulare Hill and the Santa Teresa area of southern San José to the north, US 101 and the Mount Hamilton Range to the east, the City of Morgan Hill to the south, and the Santa Cruz Mountains to the west. Of the approximately 7,000 acres that comprise the project area, approximately 3,600 encompass the Coyote Greenbelt at the southern end of project, which will remain as a permanent non-urban buffer between San José and Morgan Hill. The regional project location is shown on Figure 1.0-1 and the project location within Santa Clara County is shown on Figure 1.0-2. Figure 1.0-3 is an aerial photograph of the CVSP Area.

1.3 BACKGROUND

For nearly three decades, the City of San José has been working towards capturing economic development, revitalizing downtown, protecting neighborhoods, building housing, preserving open space, linking land use and transportation planning, and directing growth to appropriate areas. These efforts emanate from a vision of its future embodied in the San José 2020 General Plan. The San José General Plan is the City's official policy regarding its future character and quality of physical development. Seven strategies work together as the foundation for the vision: Economic Development, Growth Management, Downtown Revitalization, Urban Conservation/Preservation, Greenline/Urban Growth Boundary, Housing, and Sustainable City. The General Plan is guiding

development to appropriate locations, including fostering greater intensities around light rail and other transit facilities, while preserving hillsides and other natural resources.

The City of San José made decisions for Coyote Valley over two decades ago to ensure balanced development that would benefit San José and the region. A key consideration for development in Coyote Valley was consistency with the City's growth management policies and the potential city-wide effects of premature development in an area without services or infrastructure. An additional primary consideration was the potential economic benefit to the City with the creation of industrial jobs and bringing the City's jobs to housing ratio into better balance. Another important factor was the potential for new jobs in a southerly location and proximity of new housing to foster a "reverse commute" which would maximize utilization of Highway 101 in the non-peak direction.

The San José 2020 General Plan currently describes Coyote Valley in terms of three distinct areas. The three areas are designated on the San José 2020 General Plan Land Use/Transportation Diagram as the following; the northern Coyote Valley is designated Campus Industrial; mid/central Coyote Valley is designated as Coyote Valley Urban Reserve; and southerly Coyote Valley to Palm Avenue and easterly along Coyote Creek is designated with the Coyote Greenbelt overlay with an underlying designation of either Agriculture or Public Park/Open Space. The three areas are described in more detail below and shown on Figure 1.0-4.

The northern portion of the valley (approximately 1,700 acres) is designated as *Campus Industrial* (commonly referred to as the North Coyote Campus Industrial area). The existing Campus Industrial designation in this location is intended to support the development of large, single-user industrial sites within a high prestige industrial area. It is assumed that the area can accommodate 50,000 employees based on an employee density of 40 employees per acre. Campus industrial development should be of high quality, and sensitive to North Coyote Valley's environmental features such as the hills, views, existing trees, and agricultural history. Planned Development zonings have been previously approved under this designation with only the IBM facility on Bailey Avenue being constructed. The most recently approved project of approximately 688 acres of industrial/office/research and development uses (6.6 million square feet or approximately 20,000 jobs) was approved in 2001. This approved project, including a Development Agreement, is known as the Coyote Valley Research Park (CVRP) project.

The central portion of the valley (approximately 2,100 acres) is designated as the *Coyote Valley Urban Reserve* (also known as mid-Coyote Valley) where an urban, mixed-use residential development with a minimum of 25,000 housing units can be constructed in accordance with General Plan policies, only after the Prerequisite Conditions have been met. Prior to the adoption of a specific plan, the Planned Community designation, and any residential zoning approvals for property in North and Mid-Coyote, building permits for 5,000 new jobs must be in place for North Coyote Valley. Additionally the City's fiscal condition must be stable, predictable and adequate in the long-term to protect City service levels.

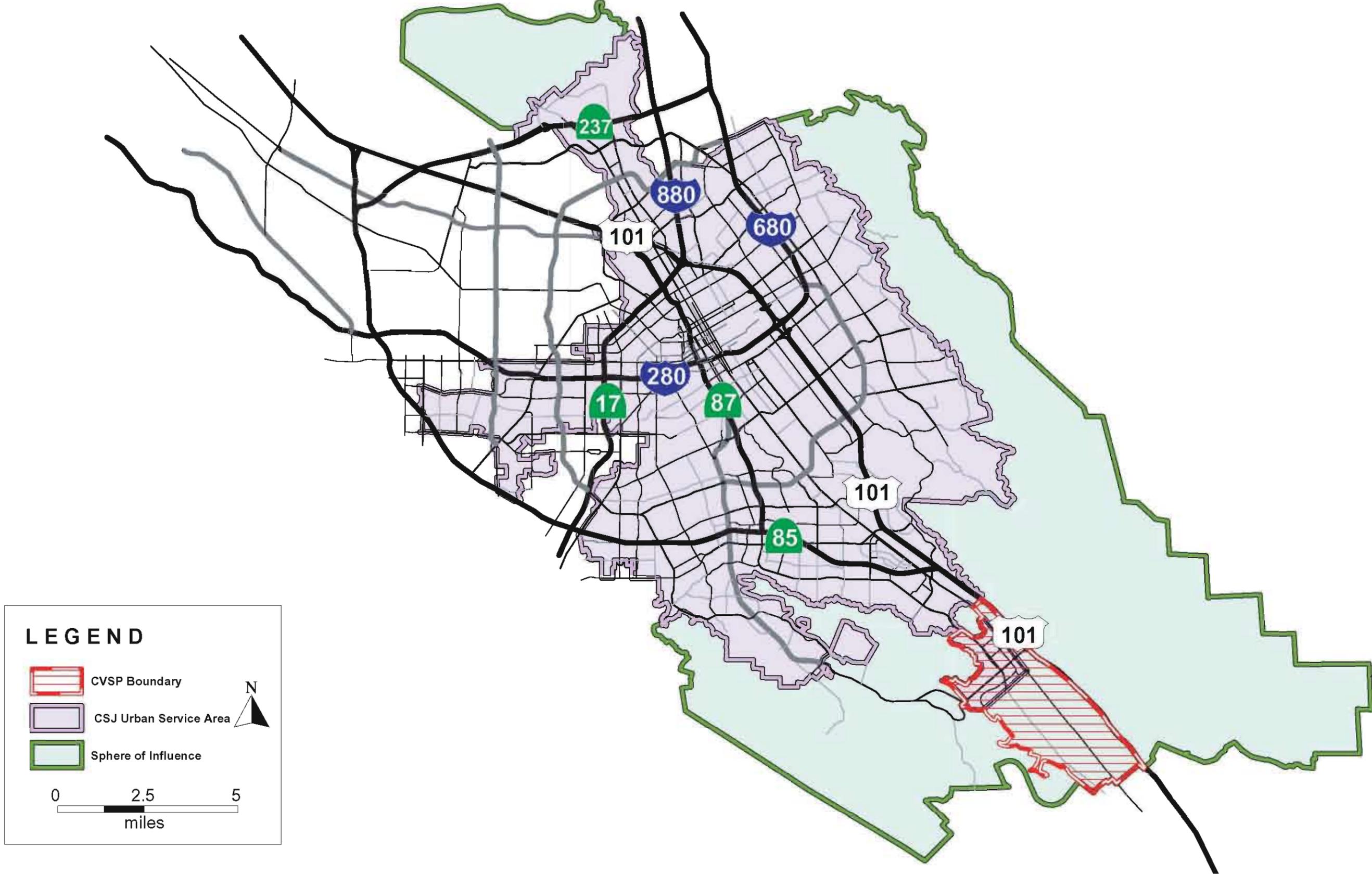
The southern portion of the Coyote Valley is designated as the *Coyote Greenbelt* (approximately 3,600 acres), which is a permanent, non-urban buffer between San José and Morgan Hill. Allowed land uses and development standards in this area should be consistent with the base land use designations (Agriculture, Private Recreation, Public/Quasi-Public, or Public Park and Open Space) covered by the overlay.

While the urban development of the Coyote Valley was originally determined to be beyond the scope of the San José 2020 General Plan, the General Plan provides the vision and broad parameters for such development. In June 2001, the Mayor's Housing Production Team suggested that the triggers



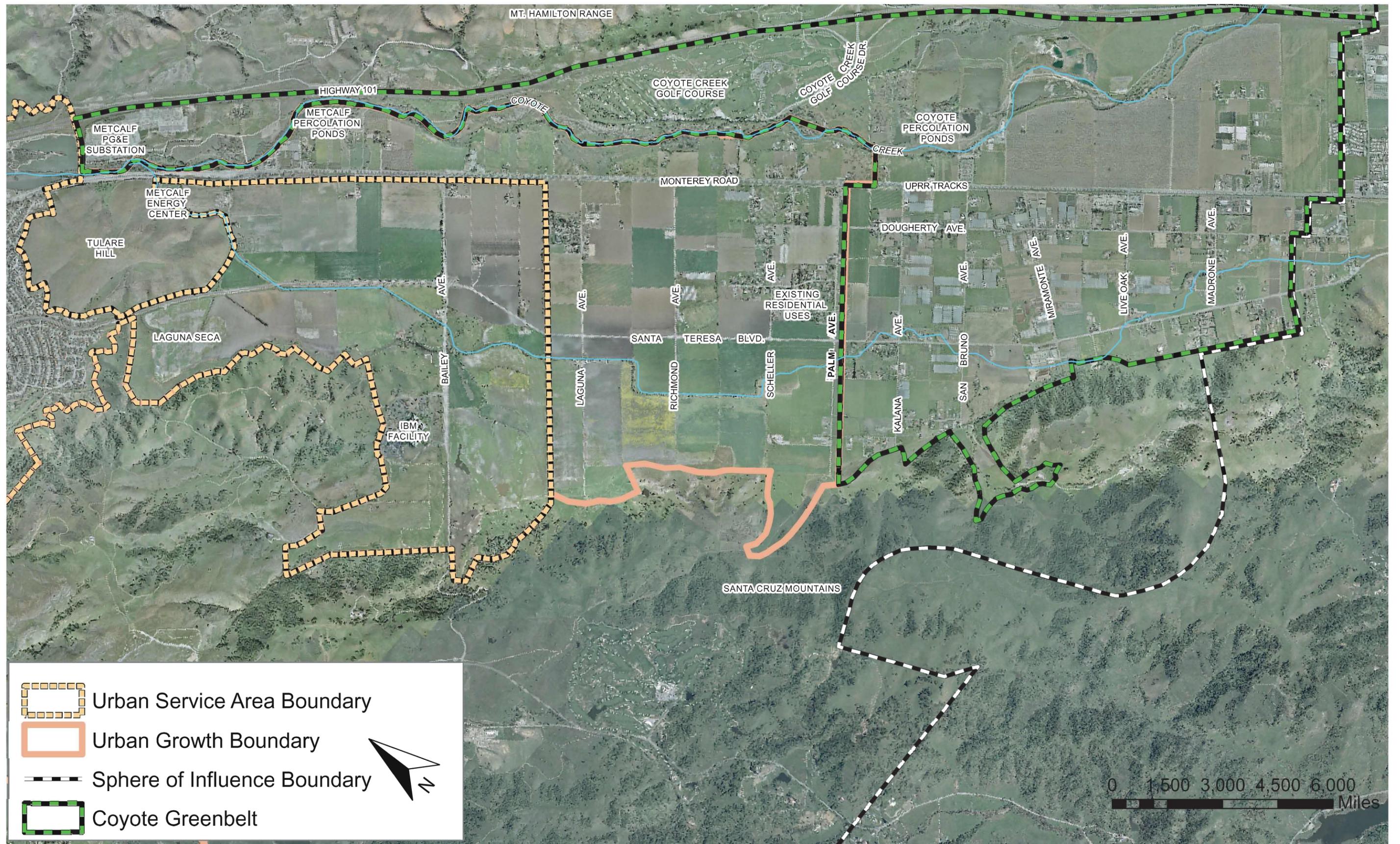
REGIONAL MAP

FIGURE 1.0-1



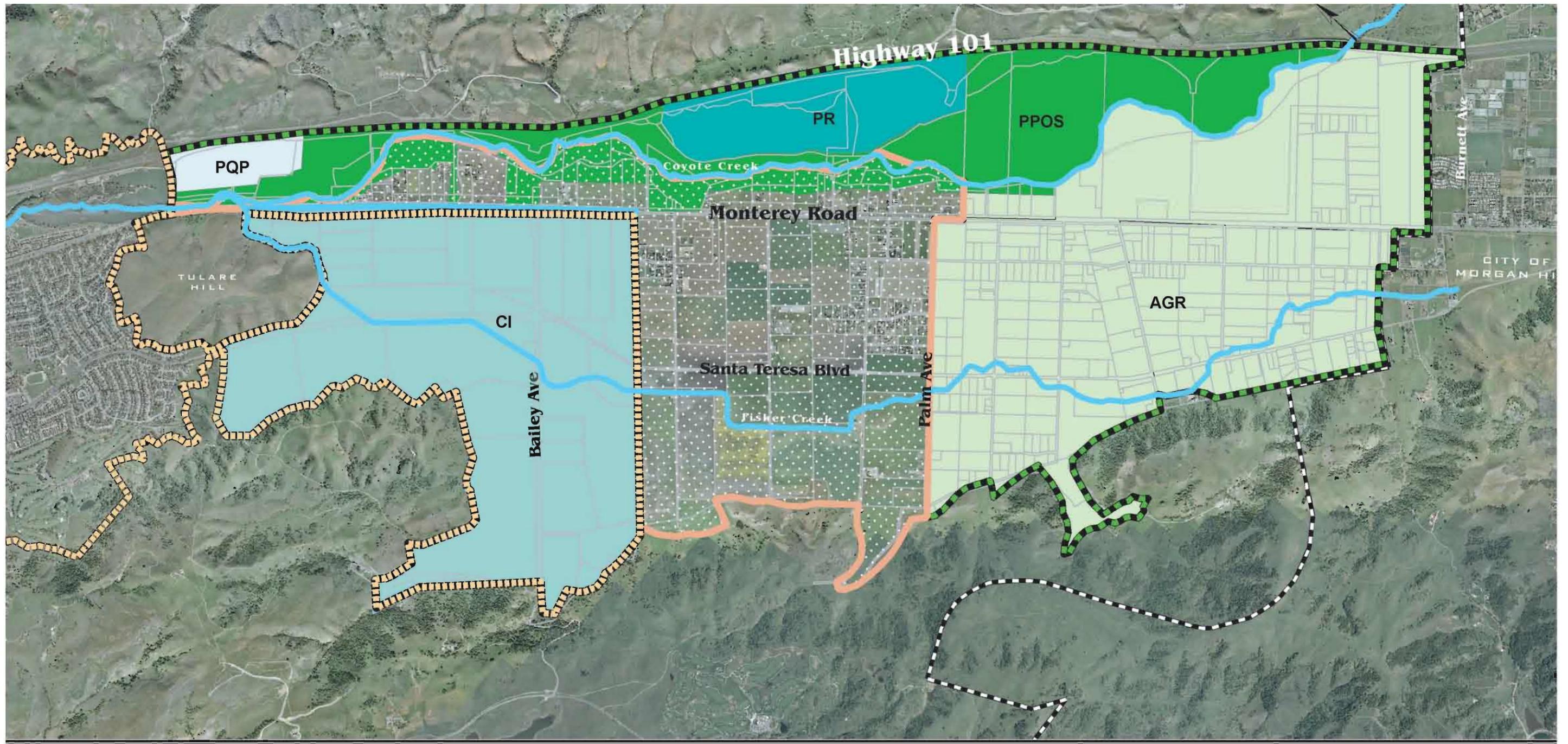
COYOTE VALLEY SPECIFIC PLAN AREA LOCATION WITHIN CITY OF SAN JOSE

FIGURE 1.0-2



AERIAL PHOTOGRAPH OF CVSP AREA

FIGURE 1.0-3



EXISTING GENERAL PLAN

FIGURE 1.0-4

for the planning of the Coyote Valley Urban Reserve be relaxed to allow the preparation of a Specific Plan earlier than was envisioned in the San José 2020 General Plan. As a result, the San José City Council adopted a text amendment to the 2020 General Plan (GP01-T-33) on November 20, 2001, which modified the timing of the Prerequisite Conditions (“triggers for development”) to allow the preparation of a Specific Plan for the entire Coyote Valley prior to meeting the Prerequisite Conditions. The City initiated the Specific Plan process in August 2002 and appointed a 20-member Task Force of elected officials and citizens to advise it during the preparation of the Coyote Valley Specific Plan.

1.4 PROJECT OBJECTIVES

As previously described, the San José City Council adopted a text amendment to the General Plan (GP01-T-33) on November 20, 2001, which modified the purpose of the “triggers” to allow the preparation of a Specific Plan for the entire Coyote Valley. The other Prerequisite Conditions remain unchanged. The following conditions are prerequisite to the City Council’s adoption of a [Coyote Valley] specific plan, the Planned Community designation, and any residential zoning approvals for property in the North and Mid-Coyote Valley:

1. Five thousand (5,000) new jobs should be added, as evidenced by the issuance of building permits sufficient to accommodate such growth, to the 2,000 existing jobs (1990) in the North Coyote Valley Campus Industrial Area as part of a continuing demonstrated interest in North Coyote Valley as a location for industrial development.
2. The City’s fiscal condition should be stable, predictable and adequate in the long term. This determination should be based on:
 - A five year economic forecast for the City which projects a balanced budget or budget surplus for each of the forecast years.
 - City services must be at least at the same level as they were in 1993, throughout the City. At least the following quantifiable services should be considered in this assessment: police response time, police personnel per capita, fire response time, fire personnel per capita, library books per capita, library floor space per capita, hours open at Main and branch libraries, and community center floor space per capita.
 - Reasonable certainty that the City’s basic fiscal relationship with the state or other levels of government will not be significantly altered during the period of the five year economic forecast.

The City initiated the Coyote Valley Specific Plan process in August 2002 and appointed a 20-member Task Force of elected officials and citizens to inform the preparation of the Plan. At this time, the City Council also adopted a Vision Statement, consistent with the San José 2020 General Plan, which includes 16 expected outcomes as the guiding principles for the planning of Coyote Valley. These are described in more detail below.

Prominent among these outcomes is a requirement for a minimum development of 50,000 industry-driving jobs and a minimum of 25,000 dwelling units within the combined North and Mid-Coyote Valley areas. The urban community should offer a variety of housing types, schools, parklands, trails, bicycle paths, transit, commercial and job centers, and other community services. Twenty percent of the housing must be affordable (below market rate). The outcomes also state that the line (Greenline/Urban Growth Boundary) between the Urban Reserve and the Greenbelt (at Palm

Avenue) shall not be moved, thus ensuring that the Greenbelt would continue to be preserved as a permanent non-urban buffer between San José and Morgan Hill.

The 16 expected outcomes for the planning process, which are also the project objectives, are described below.

1. The Coyote Valley Specific Plan (CVSP) will include Central (Urban Reserve) and North (Campus Industrial) Coyote for land planning and will include South Coyote in the infrastructure financing mechanism only. South Coyote (Greenbelt) is included only to determine financing and other mechanisms to secure this as a permanent Greenbelt.
2. The line (Urban Growth Boundary/Greenline) between Central and South Coyote shall not be moved.
3. The line between North and Central could be erased to allow for mixed-use throughout as long as 25,000 housing units in Central and 50,000 jobs in North remain as a base. Then, jobs can be added in Central Coyote and housing in North Coyote to achieve mixed-use or develop a property owner agreement to "trade" jobs and housing counts to achieve mixed-use goal.
4. The overall development character of North and Central Coyote Valley should be very urban, pedestrian and transit-oriented community with a mixture of housing densities, supportive businesses and services and campus industrial uses.
5. The Specific Plan should plan for the extension of light rail and heavy rail into Central Coyote and use these facilities to orient development.
6. The Specific Plan shall maximize efficient land usage; i.e., the 25,000 units and 50,000 jobs are both minimums. In North and Central Coyote combined, the total development potential is at least 50,000 jobs and at least 25,000 housing units. Through the Specific Plan process the City shall determine the distribution of that potential across north and south, including mixed-use concepts.
7. The Specific Plan will distinguish that the 50,000 jobs referenced are primarily industrial/office jobs, not the additional retail support or public/quasi-public jobs (e.g., City workers) that must also be accommodated in the CVSP Area for a vibrant, mixed-used, urban community.
8. The Specific Plan will identify locations for public facilities (libraries, parks, schools, etc.) in the land use plan as well as include these facilities in the financing plan.
9. North and Central Coyote should contain a rich system of parks, trails, and recreation areas.
10. The Specific Plan will include identification of financing measures for the needed capital improvements to support the planned levels of development.
11. The Specific Plan must be financially feasible for private development.
12. The Specific Plan must develop trigger mechanisms to ensure that increments of housing may not move forward until the appropriate number of jobs are constructed in a parallel timeline to maintain a jobs/housing balance in Coyote Valley.

13. The Task Force should review the potential to utilize "sub-regions" of the valley that will incorporate jobs and housing that can move forward when the subregion has ability to finance the appropriate infrastructure. Residential projects will be issued building permits in parallel with the development of jobs when either the projects are purely mixed-use in their construction or the jobs and housing are constructed simultaneously.
14. The Specific Plan should seek mechanisms to facilitate the permanent acquisition of fee title or conservation easements in South Coyote.
15. The Specific Plan should allow for the current General Plan budget triggers to be changed to triggers based upon the Valley or its sub-regions jobs and housing revenues covering the General Fund cost of services.
16. The Specific Plan shall include a requirement that will mandate 20 percent of all units be "deed- restricted, below-market-rate" units.

1.5 USES OF THE EIR

1.5.1 Lead and Responsible CEQA Agencies

The information contained in this EIR will be used by the City of San José (the CEQA Lead Agency) as it considers whether or not to approve the CVSP. In addition to the City of San José, various responsible governmental agencies will use this EIR in conjunction with their role may be in reviewing, approving, and/or permitting various components of the CVSP, as shown in Table 1.0-1. If the CVSP project is approved, the EIR will be used by the City in conjunction with various land use approvals including, but not limited to, the following:

- Adoption of the Coyote Valley Specific Plan (CVSP);
- Amendments to the San José 2020 General Plan Land Use/Transportation Diagram designations and associated text amendments;
- Amendments to the San José 2020 General Plan text to allow the City Council to adopt the CVSP prior to meeting the Prerequisite Conditions;
- Extension of the Urban Service Area Boundary to Palm Avenue;
- Rezoning and annexation of the unincorporated CVSP Development Area to the City of San José;
- Rezoning of incorporated land in the Coyote Valley; and
- Amendments to the list of City of San José protected intersections.

T A B L E 1.0-1
CEQA RESPONSIBLE AND TRUSTEE AGENCIES

Agency	Role(s)
Santa Clara County Local Agency Formation Commission (LAFCO)	<ul style="list-style-type: none"> • Approve Urban Service Area expansion • Approve the annexation of the Coyote Valley Urban Reserve.
Santa Clara Valley Water District (SCVWD)	<ul style="list-style-type: none"> • Permit(s) for any work within 50 feet of creeks.
California Department of Fish and Game (CDFG)	<ul style="list-style-type: none"> • Review biological analysis. • Streambed Alteration Agreement for any work within the bed and banks of creeks. • Permit for any relocations of Burrowing Owls.
California Department of Transportation (Caltrans)	<ul style="list-style-type: none"> • Encroachment Permit for any work within the Caltrans right-of-way.
U.S. Army Corps of Engineers	<ul style="list-style-type: none"> • Permit for the filling of existing Fisher Creek and other wetlands. • Permit for the relocation of existing Fisher Creek.
Regional Water Quality Control Board	<ul style="list-style-type: none"> • Section 401 Clean Water Act Certification for Corps Permit. • National Pollution Discharge Elimination System Permit (NPDES)
Santa Clara County Congestion Management Agency	<ul style="list-style-type: none"> • Approval of Coyote Valley Deficiency Plan.
County of Santa Clara Department of Parks and Recreation	<ul style="list-style-type: none"> • Property transactions for construction of streets and bridges
Valley Transportation Authority/Joint Powers Board	<ul style="list-style-type: none"> • Roadway system improvements • Transit system improvements, such as construction of the Caltrain Station
City of Morgan Hill	<ul style="list-style-type: none"> • Acceptance and construction of traffic mitigation
City of Gilroy	<ul style="list-style-type: none"> • Acceptance and construction of traffic mitigation
County of Santa Clara Department of Roads and Airports	<ul style="list-style-type: none"> • Acceptance and construction of traffic mitigation
Gavilan College	<ul style="list-style-type: none"> • College construction
Morgan Hill Unified School District	<ul style="list-style-type: none"> • Public school construction
United States Fish and Wildlife Service	<ul style="list-style-type: none"> • Review biological analysis • Issue FESA “Take” permits

1.5.2 Level of Environmental Review Provided by this EIR

This EIR provides environmental review for the adoption of the CVSP and its initial implementation through the pre/rezoning and annexation processes as described in Section 1.5.1, above.

A determination will be made on a case-by-case basis if further environmental review for the CVSP components listed below will be required before they can be approved or constructed, and it is unknown at this time when these components may be required to accommodate the proposed urban development. Subsequent project-specific environmental review will be required as appropriate and necessary prior to approval or construction of these components. Any project components not included on the list will be considered on a case-by-case basis:

- Modifications to San José 2020 General Plan text that change the Coyote Valley Urban Reserve Prerequisite Conditions other than allowing the adoption of the CVSP;
- Adoption of a Coyote Valley Area Development Policy to ensure that required improvements are properly phased and in place when needed for development;
- Formation of Assessment Districts/Capital Improvement Programs or other financing mechanism(s);
- Adoption of a Coyote Valley Deficiency Plan, if necessary;
- Subdivision/Tentative Maps;
- Issuance of development permits or any actual construction activity;
- Stormwater Pollution Prevention Permit(s);
- Grading Permits;
- Demolition Permits;
- Tree Removal Permits;
- Modification of existing development agreements;
- Construction of various on-site or off-site infrastructure projects required for the development, including transportation, water storage, and storm drainage facilities;
- Contracts for public infrastructure construction;
- Construction of all necessary fire stations, parks, libraries, and schools required by the project;
- Construction of all necessary infrastructure (both within the CVSP Area and off-site) for the project within Coyote Valley including the transportation (vehicle, transit, pedestrian, and bicycle), storm drainage, floodplain, and utility systems;
- Construction of any necessary advanced recycled water treatment plant, piping, and water wells to serve the CVSP Development Area;
- Relocation and restoration of Fisher Creek through the CVSP Development Area and minor improvements to the creek within the Greenbelt;
- Transportation improvements outside of the CVSP, including the construction of an interchange at US 101 and future Coyote Valley Parkway, and modifications to the existing interchanges at US 101 and Bailey Avenue and Coyote Creek Golf Drive, including Coyote Creek crossings;
- Construction of the Bailey-over-the-Hill Roadway alignment to McKean Road; and
- Construction of groundwater recharge basins in the Greenbelt area of the CVSP.

1.6 PUBLIC OUTREACH

Many meetings regarding the Coyote Valley project have been held since approximately September 2002. The list of all meetings held can be located at the City of San José's Department of Planning, Building, and Code Enforcement web page (<http://www.sanjoseca.gov/coyotevalley/info.html>). Although the CVSP EIR was mentioned at many meetings, the list below includes meetings at which the EIR was the main topic of discussion. These included CVSP Task Force meetings, CVSP Technical Advisory Committee (TAC) meetings, and public/community meetings.

Task Force Meetings:

1. April 12, 2004
Summary: Discussion of Hydrology as an Element of the Environmental Footprint
2. May 15, 2004
Summary: "Identify Appropriate Design Concepts for Coyote": Creating a compact and sustainable urban ecology (environmental footprint)
3. March 14, 2005
Summary: 1) Review of work program; 2) Results of Early Consultation Meetings on the CVSP EIR.
4. February 7, 2005
Summary: Discussion regarding the EIR.
5. December 12, 2005
Summary: Acceptance of the project description for the CVSP.
6. January 9, 2005
Summary: Review of proposed agricultural mitigation approach.
7. February 12, 2007
Summary: How to read and comment on an EIR

Technical Advisory Committee (TAC) Meetings:

1. November 18, 2003
Summary: 11/10 Task Force Meeting (Land Use Policies, Progress Report #6: Traffic and Progress Report #7: Hydrology)
2. December 16, 2003
Summary: Progress Report #8: Biology and Hydrology
3. February 17, 2004
Summary: Updates: 2/9 Task Force Meeting and Revised Schedule
5. February 15, 2005
Summary: Update on CVSP; Overview of the EIR Approach, Process and Alternatives; Discussion/Scope of the EIR and Alternatives
6. March 15, 2005
Summary: Update on CVSP; Overview of the CVSP Hydrology, Storm Drainage, and Flood Control Technical Memo; Potable Water and Recycled Water Technical Memo
7. June 21, 2005
Summary: Update on CVSP; Discussion Regarding CVSP EIR and Notice of Preparation

Public/Community Meetings:

1. March 2, 2005
Summary (Property Owners): To discuss the EIR Process for the CVSP and identify reasonable alternatives to the “proposed project” to be considered by the City Council for inclusion in the EIR
2. March 3, 2005
Summary: To discuss the EIR Process for the CVSP and identify reasonable alternatives to the “proposed project” to be considered by the City Council for inclusion in the EIR
3. June 21, 2005
Summary: Public input on the scope of the EIR so that it addresses all relevant environmental issues
4. June 22, 2005
Summary: Public input on the scope of the EIR so that it addresses all relevant environmental issues.
5. April 27, 2006
Summary: Agriculture Conversion and Mitigation Strategies

San Jose City Council Study Sessions:

1. January 31, 2006
Summary: Study session on the plan refinements (project description for the EIR) and potential agriculture mitigation.
2. September 29, 2006
Summary: Hydrology considerations for CVSP.