



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Joseph Horwedel

SUBJECT: COYOTE VALLEY
SPECIFIC PLAN PROGRESS
REPORT #7: DRAFT FISCAL
IMPACT ANALYSIS

DATE: April 20, 2006

Approved

Ray Wines

Date

4/20/06

COUNCIL DISTRICT: 2

SNI: None

EXECUTIVE SUMMARY

On April 28, 2006, the City Council is scheduled to conduct a study session regarding the Coyote Valley Specific Plan and its Draft Fiscal Impact Analysis. The purpose of the study session is to engage the Council in a discussion about the methodology, assumptions, findings, and implications resulting from the Draft Report (see Exhibit 1 for the agenda). As with prior study sessions, the Council is not being asked to take action.

BACKGROUND

In August 2002, the Council voted unanimously to initiate a specific plan for the Coyote Valley. At that time, the Council appointed a 20-member Task Force, and specified 16 vision and expected outcomes statements to guide the preparation of the Plan (see Exhibit 2). The Council has held several Study Sessions throughout the development of the Specific Plan. The next Study Session focuses on the Draft Fiscal Impact Analysis.

ANALYSIS

As part of the Coyote Valley Specific Plan process, the City of San José has completed a Draft Fiscal Impact Analysis for Coyote Valley, prepared by the City's economic consultant, Economic and Planning Systems. This study examines the potential costs and revenues to the City if 50,000 jobs and 25,000 homes are built in North and Mid-Coyote Valley.

The Draft study is contained in Exhibit 3. The document contains an Executive Summary to facilitate a quick understanding of the study approach and key findings. The body of the Draft report contains detail on the assumptions for General Fund revenues and costs. The costs are based on assumptions for service delivery in Coyote Valley. Technical Appendices documenting

the results for each phasing scenario are posted on the front page of the Coyote Valley Specific Plan website (www.sanjoseca.gov/coyotevalley) under "What's New?"

In addition to the economists (Economic and Planning Systems) who wrote the Draft report, staff from the key Departments and Offices that participated in the development of the assumptions will be in attendance at the meeting. Staff is available to answer questions and participate in the discussion of the service delivery approaches for Coyote Valley.

The Draft study evaluates five different jobs/housing phasing scenarios, including the existing policy of 5,000 jobs before any housing can be built. These scenarios are described in more detail in the Draft report, and are briefly summarized:

- 2-to-1 jobs to housing units from day one
- Up to 5,000 housing units, then no additional housing until 10,000 jobs in place
- 5,000 jobs first, then market-based development (existing trigger)
- Market-based absorption until major infrastructure is in place, then 2-to-1 jobs to housing until buildout
- 3,000 jobs for 3,000 units; units cap at 10,000 until 15,000 jobs in place

All five scenarios project fiscal deficits in the early years of development, after which all scenarios project fiscal surpluses. The study suggests supplementary financing options to offset the deficits; however, these options would need to be explored in further detail to determine their viability for San Jose.

The phasing of jobs and housing is a critical and complex issue. The current General Plan requires the satisfaction of "triggers" which include 5,000 jobs before any housing can be built. The late April Study Session is intended to be the first discussion of the fiscal issues associated with development in Coyote Valley. Other discussions pertaining to phasing will occur at future Study Sessions in combination with information regarding financing approaches and other implementation concerns. Staff is not prepared to discuss the consideration of any possible change to the "triggers" until this additional information is available.

PowerPoint slides for the Study Session will be distributed to the Council under separate cover next week, prior to the meeting.

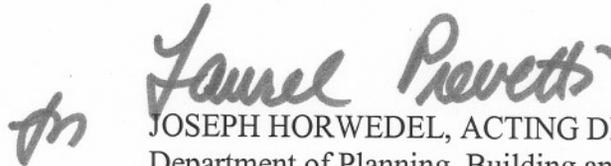
PUBLIC OUTREACH

The Draft Report is posted on the City's Coyote Valley Specific Plan website. The Coyote Valley Task Force is scheduled to begin discussing the Draft study at their public meeting on Monday, April 24, 2006 at 5:30 p.m. (City Hall, 200 E. Santa Clara Street, Room W120). This initial discussion will focus on the cost and revenue assumptions as they relate to the delivery of City services to the new Coyote community. Future meetings will discuss the implications of the results. The Task Force is not scheduled to discuss a preference for a particular phasing scenario until its June meeting.

The City Council Study Session on Friday, April 28, 2006 is another opportunity for public input. In addition, a community meeting is being set up for May for additional public discussion and comment on the Draft report. Information about these meetings and other background on the Coyote Valley Specific Plan can be found at www.sanjoseca.gov/coyotevalley.

COORDINATION

Planning staff wishes to thank the participation of many City Departments and Offices in the preparation of the Draft Fiscal Impact Analysis, including the City Manager's Office, Budget Office, Police Department, Fire Department, Parks, Recreation and Neighborhood Services Department, Library Department, Finance Department, Public Works Department, Department of Transportation, and Environmental Services Department. The City Attorney's Office was also consulted in this process.


JOSEPH HORWEDEL, ACTING DIRECTOR
Department of Planning, Building and Code Enforcement

Attachments