



Memorandum

TO: COYOTE VALLEY SPECIFIC
PLAN TASK FORCE

FROM: Sal Yakubu

SUBJECT: SUMMARY OF SOUTH COYOTE
VALLEY /GREENBELT PROPERTY
OWNERS MEETING ON 7/22/04

DATE: August 9, 2004

Approved

Date

Property Owners and Representatives: Rita Ortega, Wai Fong Chan, M.Y. Luk, Lowell Tan, Helen Marchese Queen, Rosalie Marchese Castin, Chris Marchese, Beverly Stewart, Richard Hom, Jack Faraone, Gail DeSmet, Richard DeSmet, Leo Struse, Wig Wlsu, Suet Wlok, Jo & Consuelo Crosby, Kerry Carlson, Richard Barberi, Nigel Johnson, Denise De Smet, Adeline Renelle, Gahis Renelle, Ruby King, Glen & Linda Marra, Ann Barton, Laura Sellheim, Tim Thornton, Michiko Osako, George Osako, Francis Aiyity, Camille Campbell, Bob Nagahara, Virginia Teissier, Bill Fogle, Roger Locke, Carmen Russo, Ray Russo, Arlene Perusina, Hiroshi Sorakubo, Rose Navarro, Bill Hughes, Ted Leung , Sean Borch, Houghton “ Tom “ Sawyer, Y.K. Fong, Lucy Hoefling, Chris Jones, Jeff Stohes, Jonathan Chan, Yiu Pui Chan, Rocky Tam, Kenny Tam, Jenny Chan, Shizu Sakauye, Robert Sakauye, Monty Boyd, Joe Burch, Bob Wright, Mi Wong, Joaquin Rascon, Mike Zantotto, Abraham Rodrigues, Carol Rodrigues, Tan Heng, Young Tan, Bill Leung, Eric Flippo, James Fan, Janet & Paul Hebert, Vivian & Earl Goforth, Christine Paradiso, Eric Chan, Pat Sullivan, Don & Joyce Mirassou, Dick & Ava Shalita, Eadie Osako, Bob Griesinger, Bob Snively, Dan Perusina, Guo Ping Yuan, Cui Lan Mo, Chou Ho Mock, Sin lum Mok, Xay Huang, Paul Garcia, Drirch Wong, Bonnie Carroll, Dan Carroll, Ron Garcia, Pravin Patel, Yoseh Patel, Robert Garcia, Stewart Chan, Joghhar Dhillon, Frank Fong, May Fong, Sin Wah Mok, Woon Tong Mok, Ray Russo Jr., Ray Russo Jr. Trust, Samuel Kwong, Man Tam, and Emily Chen.

Members of the Public Present:

Bill Shoe (County Planning), Dennis Kennedy (Morgan Hill City Council), Rebecca Van Dahlen (SCCOAR), Kip Brundage (Farm Bureau Morgan Hill), Betty Roeder (Great Oaks Water Company), Sarah Ruby (Pinnacle Newspaper) and Kerry Williams (CHG).

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San Jose City Staff Present and Consultants:

Councilmember Forrest Williams (District 2), Keith Stamps (District 2), Denelle Fedor (District 10), Laurel Prevetti (PBCE), Sal Yakubu (PBCE), Darryl Boyd (PBCE), Susan Walsh (PBCE), Perihan Ozdemir (PBCE), Roger Shanks (Dahlin Group), Jim Thompson (HMH), Jim Musbach (EPS) and Eileen Goodwin (Apex Strategies).

1) Welcome and Introductions:

Eileen Goodwin, with APEX Strategies, introduced herself as the facilitator for the meeting and welcomed everyone in attendance. She asked for a show of hands to identify long-term property owners, which indicated a majority of attendees owned their properties for more than 5 years, and many longer than 10 years. Several people also indicated that they had previously attended some Coyote Valley Specific Plan (CVSP) Task Force meetings.

Eileen indicated that the purpose of the meeting was to discuss the CVSP and its potential implications for the Coyote Greenbelt. She also explained the expected outcomes for the meeting, which included 1) understanding the CVSP process and established policies, 2) receiving property owners' input and views about the Coyote Greenbelt, and 3) encouraging participation in the planning process.

2) Update on the CVSP Plan and Existing Policies Pertaining to the South Coyote Valley/Greenbelt

Laurel Prevetti, Deputy Director of the City Department of Planning, Building and Code Enforcement, using a PowerPoint presentation provided a brief summary of the land use planning history of the Coyote Valley area, the City Council Vision for the Coyote Valley Specific Plan (CVSP) and explained the major milestones in the CVSP planning process. She also explained the history of planning in the South Coyote Valley/Greenbelt area highlighting the following points. This information was researched and presented in response to questions from the first Greenbelt property owners meeting.

- The South Coyote Valley (SCV) has been zoned for agriculture in the County since 1958.

- The County amended the General Plan for the SCV to Agriculture-Medium and Large Scale (with 20 and 40-acre minimum lot sizes respectively) in 1980.
- The City Council amended San Jose's General Plan for the SCV to include Greenbelt Overlay in 1984.
- The City Council established the Urban Growth Boundary in 1996.
- The City Council reaffirmed the Greenline/ Urban Growth Boundary in 2000.
- The County rezoned the rest of the SCV to A-Agriculture (20-acre minimum) in 2001.
- The City Council amended San Jose's General Plan from Rural Residential (0.2 DU/AC) with Greenbelt Overlay to Agriculture (20-acre minimum) with Greenbelt Overlay on 643 acres in the SCV in 2001.

Jim Thompson of HMH Engineering explained the process used to develop several baseline maps of the South Coyote Valley/ Greenbelt area (including maps of zoning, general plan, existing land use and lands covered by the Williamson Act) and requested that property owners verify the mapped information after the meeting to enable the CVSP planning team to update and finalize the maps.

There was a question about the availability of the maps on the website. Jim affirmed that they would be updated and posted on the Coyote Valley Specific Plan's (CVSP) website soon. There were also some questions as to the viability of agriculture in the South Coyote Valley/ Greenbelt and Jim Musbach of Economic Planning Systems (EPS) explained that EPS is analyzing some strategies to make the existing agricultural businesses more profitable and sustainable, and to preserve the area as a non-urban buffer. He stated that EPS and the consultant team would be working with a specialist in sustainable agricultural viability, and that some potential strategies would be shared at community meetings over the next several months.

3) Property Owner Comments and Questions:

Eileen invited the property owners for their comments and questions and explained that one of the primary goals for the meeting was to listen to their concerns. She indicated that that questions that could not be answered at the meeting because of the lack of adequate current information would be addressed during the course of the project. The property owners had the following questions and comments:

The questions included:

- Question: Whether the maps presented by the Jim Thompson cover all County and City areas?
Response: City staff indicated that the maps cover all Greenbelt areas in the City and the County.

- Question: Whether there are really any benefits for Greenbelt properties in the Coyote Valley Specific Plan?
Response: Laurel Prevetti indicated that the City of San Jose would be looking to determine whether there are viable agricultural uses in the Greenbelt and how they can be enhanced or made more profitable. She indicated that EPS will also study this issue extensively and further reiterated that no urban services will be extended into Greenbelt.
- Question: What type of uses would be appropriate in the Greenbelt?
Response: Laurel Prevetti mentioned alternative forms of farming where restaurants could connect with growers to provide a direct market for the produce. She also stated that EPS would be researching where agriculture can be transformed and made more “viable”.

Jim Musbach discussed options for creating specialty agriculture (wines and others, organic produce, ethnic produce, specialty herbs, etc. are in demand). He indicated that there are procedures to help manage, harvest and market specialty produce, (such as the South Livermore Plan where existing wine growers harvest vineyards and pre-sell crop). He also explained that the Greenbelt might also receive value due to mitigations being done in the Greenbelt, and that there may also be opportunities for outside funding sources for open space and agricultural preservation.
- Question: Whether the City is going to annex the South Coyote Valley/ Greenbelt area?
Response: Laurel Prevetti indicated that the City does not have any intention of annexing the Greenbelt into the City.
- Why the Greenbelt cannot have a bigger role in Plan and create value?
- Question: Can a fee be assessed on Mid and North-Coyote Valley developers (impact fee) to be used to compensate property owners in the Greenbelt in exchange for their open space easements and uses?
Response: Jim Musbach stated that EPS would be looking at this option as part of a regional or sub-regional effort.
- Question as to how people can afford to do agricultural business in Coyote Valley?
- Whether the City or County would grandfather-in non-conforming uses and allow them to continue? One resident indicated that he felt that there are a lot of property owners who have non-conforming uses and their permits will expire.
Response: Bill Shoe, Principal Planner with the Santa Clara County Planning Department indicated that with regard to legal non-conforming uses residential and agriculture uses are conforming and if someone has a business that was legal when established, but is no longer legal the County’s policy is that the use can continue.

- What the City's policy is with regard to legal non-conforming uses?
Response: Laurel Prevetti indicated that San Jose handles legal non-conforming uses the same way as the County. Legally established uses may be allowed to continue if the regulation changes.
- Whether there is any way legal non-conforming uses could be zoned in or allowed to remain if they do not have the correct permits and are not currently allowed?
- Question as to why the City has to do this type of development in this area?
- Question as to how those with existing City residential zoning will be treated?
- Question as to what kind of outreach was done for Greenbelt designation in 1994, or outreach to Task Force for General Plan update?
- Question as to how property owners with residential zoning now in the Greenbelt could develop their property?
Response: Laurel Prevetti explained that if a property had old out-of-date zoning designation such as R-1, the property could not be developed as such, since the General Plan is now requires a 20- acres minimum.
- Question as to why not plan urban subdivisions in the Greenbelt now?
Response: Laurel Prevetti stated the City Council has established an Urban Service Boundary at Palm Ave (urban services would not be extended past Palm Avenue to the South) and there is no mechanism to plan for urban development. She indicated that it would take a major update of the General Plan and possible a vote of the electorate to do that.
- Question as to how the North Coyote Valley area (where Cisco has an approved project) will be handled?
Response: Laurel Prevetti stated that Cisco may develop under their existing approved Planned Development zoning or they may develop under the new plan for a land use mix.
- Question as to how the City of San Jose can tell South Coyote Valley/ Greenbelt owners what to do with their property when they're not in the City?
- Question as to what the County's policies are in the Greenbelt?
Response: Bill Shoe, with the County Planning Department, clarified that since the 1970's the County's position has been that areas outside of the Urban Service Area should be kept in non-urban uses. He indicated that this is also part of the City/County agreement. This has been the policy for over 30 years and applies to all 15 cities within the County.

- Question as to why the City of San Jose is leading the planning effort and not the County?
Response: Laurel Prevetti explained that the Greenbelt area is within the City's Sphere of Influence. The Local Agency Formation Commission (LAFCO) determines the Sphere of Influence and it is the area that the City of San Jose considers when it is doing its General Plan. San Jose's Sphere of Influence is very large and the City and County have an agreement to respect the City's General Plan designations for all areas within the City's the Sphere of Influence.
- Question as to what the "triggers" are?
Response: Laurel indicated that the General Plan triggers are pre-requisite conditions to the Council's approval of a specific plan. The triggers require the creation of 5,000 jobs in the North Coyote area and that the City has a stable fiscal condition. The triggers may be changed by the City Council. She indicated that the City Council could change the triggers if they are able to determine the revision would not lead to unsustainable development in Coyote Valley. She indicated that the CVSP would have a 5-25 year build-out period.
- Question as to why this is a Greenbelt and why not call it an "agriculture belt?"
- Question as to when will the City have any creative ideas?
Response: Jim Musbach indicated that the City might have some options to discuss sometime in September/October.
- Question as to whether there has been anything done regarding mitigation banking?
- Question as to whether there has been an environmental risk assessment done for risks to residents in the areas south of Palm Ave?
Response: Laurel Prevetti indicated that a full Environmental Impact Report (EIR) would be initiated in the fall. She indicated that the issue of the cats and dogs might be a code enforcement issue. Impacts to the Greenbelt area will be looked at carefully in the EIR, which will be circulated for public review in the spring.
- Question as to what the rate of purchase would be if the City were to purchase any land in the Greenbelt?
Response: Laurel Prevetti indicated that it would be at a fair market value.
- Question as to whether the "Greenbelt is still necessary, and if not, then they should let the free market work by lifting Greenbelt?"
- Question as to whether 10 to 20-acre lots are allowed in the Greenbelt. Also, question as to whether the ½, 1 or 2- acre lots are allowed? Comment that the City seems to be ignoring small property owners.

- Question as to whether EPS is part of study?
Response: Laurel indicated that EPS is the economic consulting firm for the CVSP project.
- Question as to how the City will maintain this area as a Greenbelt with the 25,000-new property owners?
- Question as to whether the City will “leave Greenbelt the way it is and would they complain if we left it the way it is today?”
Response: Bill Shoe, with the County Planning Department, stated that the County has no plans to change zoning of the Greenbelt (none of the Mid or North Coyote plans will require any change in the Greenbelt).
- Question as to whether wineries or vineyards would be allowed in the Greenbelt?
Response: Bill Shoe stated that wineries are already permitted.
- Question as to whether the San Jose City staff was aware that the Greenbelt property owners are not pleased with the Greenbelt designation?
Response: Laurel Prevetti indicated staff and consultants have heard that tonight.

The comments, concerns, and recommendations included:

- Concern that not one elected official or property owner in the Greenbelt was on the Task Force. *Laurel Prevetti indicated that the Task Force was appointed by the City Council. Yes, there are no Greenbelt property owners on the Task Force, but County Supervisor Don Gage who represents the Greenbelt area is on the Task Force.*
- Concern that the Greenbelt owners feel totally disenfranchised and that “agriculture used to be viable before, but now no one can make a livelihood of agricultural use in the Greenbelt.”
- Concern that there is no input from the City on ways to improve the value of Greenbelt properties.
- Request for equal rights for Greenbelt property owners and would like the same opportunity as Mid and North-Coyote to develop and increase property values.
- Comment by Dennis Kennedy, Mayor of Morgan Hill, that Morgan Hill would like to be a part of any CVSP decisions. He stated that the City of Morgan Hill is working on an “ultimate urban limit line”.

- Comment by Richard DeSmet, representing the Coyote Valley Southwest Property Owners Association, indicating that his family had been in farming for a long time and his grandfather hauled prunes to Morgan Hill. He asked how many people were in farming (a few raised their hands) and how many were making a profit (no hands raised). He commented that the CVSP consultants were in a “fantasy world” and commented that the Greenbelt designation is a very serious issue with significant effects on property owners.
- Comment by Richard DeSmet who read a letter from Chris Allen, who recently joined Coyote Valley South West Property Owners Association. He indicated Mr. Allen owns 10 acres on San Bruno Ave. and wants to operate a wholesale greenhouse (as a West Coast flower distributor). He stated that Mr. Allen had a hard time getting a building permit for the Greenhouse from the County and that the greenhouse was required to be of non-flammable steel construction and, therefore, fell under the same category as a department store.

He reported that Mr. Allen was required to install a 31,000 gallon holding tank for water, three fire hydrants and was told by the Santa Clara Valley Water District that there was a well moratorium on water supply for agricultural use from the cross-county water line. He was told that he would have to incur more than \$80,000 in costs for fire safety concerns, and provide a large number of parking spaces which was also be a big issue.

Mr. Allen indicated that in Monterey County a 48,000 square foot greenhouse could be built for \$150,000, but the same would cost \$320,000 in South Coyote Valley/ Greenbelt. He has abandoned his greenhouse plans for now and feels like it is too expensive, and feels he now has an” expensive white elephant” on his hands.

- Comment that continued boutique agricultural nurseries are not reasonable in Coyote valley.
- Comment that agricultural business is a dying business in the Coyote Valley.
- Concern that the existing agricultural business people who are struggling and have failing businesses in South Coyote Valley/ Greenbelt are not represented on the Coyote Valley Task Force.
Response: Jim Musbach stated some regulations may be too prohibitive and restrictive, and probably need streamlining.
- Concern that as Morgan Hill continues to grow, more urban run-off would inundate Fisher Creek and cause flooding and other problems to the Greenbelt area.
- Mayor Kennedy indicated that all parcels in Morgan Hill are required to have detention ponds to ensure that downstream properties are not adversely affected by urban run-off.

He further indicated that Morgan Hill recognizes that flooding is an issue, which needs to be addressed for all of for Fisher Creek, and they are planning to work with the SCVWD to resolve it.

- Comment that the detention ponds in Morgan Hill are inadequate and flooding is still occurring on properties in South Coyote Valley/ Greenbelt
- Request that the City of San Jose needs to carefully design Fisher Creek to prevent flooding.
- Concern that the South Coyote Valley/ Greenbelt is only included in the City Council's Vision for financing and a question as to what the Greenbelt area would be financing.
Response: Laurel Prevetti stated that South Coyote Valley/ Greenbelt was not included in the Vision so the Greenbelt owners could help with the financing. In fact, she indicated that it is the other way around. The South Coyote area is included so we can be sure to include the costs of preserving the greenbelt that need to be paid for by those benefiting from the Mid and North Coyote Development. She indicated that one option that is being explored by the economic consultants is the possibility of a fee that could be levied on the urban part of Coyote Valley.
- Concern that the City is not planning to extend urban services into the Greenbelt, but will improve Santa Teresa Boulevard and Fisher Creek, which will bring more traffic, noise and air pollution to the Greenbelt area.
Response: Laurel Prevetti, indicated that the Environmental Impact Report will be analyzing all of the potential impacts from the Specific Plan and will identify mitigation measures. The EIR process is expected to start in the fall. A draft EIR is expected to be circulated for public review in the spring. She also indicated that the City will look at the width of Hale Avenue and that the City's preference is not want to widen it. She stated that the City does not anticipate over-sizing infrastructure in Greenbelt.
- Comment that the County should provide a tax break for the Greenbelt owners.
Response: Bill Shoe indicated that there are no plans to provide tax breaks in the county areas of the Greenbelt.
- Comment that the City of San Jose purchased areas in airport flight path in the Rose Garden area, and they can purchase the South Coyote Valley/ Greenbelt area as well.
- Comment that the existing rules for agriculture are ridiculous and should be revised to be more "agriculturally friendly."
- Comment that it is not uncommon for services to go outside the Urban Service Area (USA) and it happens in other areas of the Country.

- Comment that conservation easements are okay and question as to why the County's policies are so complicated for agricultural uses.
Response: Laurel Prevetti said it might be possible to work with the County to recommend that regulations be more agriculture-friendly.
- Comment that the so-called "Greenbelt" is actually more built-out than the rest of the Coyote Valley.
- Richard DeSmet thanked staff, the two elected officials, (Forrest Williams and Dennis Kennedy). He observed that they all have a lot of passion, but cannot change the rules. He stated that the San Jose City Council would have to change the rules. He commented that at the next meeting we may have a voter registration, and that he may choose to run for office. He commented "he hasn't heard anything new here tonight".
- Comment that people "came here tonight to find out what they could do with their Greenbelt properties to add value, and we haven't heard anything new that they can do with their lands."
- Comment that they wanted to hear something creative, and that "this is a 30-year hijack of our property".
- Comment that they would all like to do something with the Greenbelt property to make it meaningful.
- Comment that "the Greenbelt is in the Plan, but there is no plan for it yet."
- Comment that the property owners want to make something good out of the Greenbelt that "we can be proud of."
- Comment that the Greenbelt is really not a true greenbelt because it is 60% developed.
- Recommend the City Council get creative to find a common ground where we can make something out of the Greenbelt.
- Comment that the voter initiative on the Urban Growth Boundary in 2000 said, "do you want a greenline at Palm Avenue?" "80% of voters said yes, but they did not say how City would pay for it. The City of San Jose just took our land for free."
- Comment that the Fisher Creek area in the Greenbelt area should be carefully looked at as well.
- Comment to thank Mayor Kennedy for coming and a request that Morgan Hill should vote to increase their Sphere of Influence to include the Greenbelt.

- Comment that one neighbor has taken 3 dead cats and dogs to the County due to current rural development impacts (and question as to what will happen after the North and Mid-Coyote areas are really built up). Comment that there will be a lot of impacts to the Greenbelt from development in North and Mid Coyote Valley.
- Comment from a representative of the Great Oaks Water Company (GOWC) that the California Public Utilities Commission (PUC) controlled the GOWC, and that in the 1970's the PUC approved their service to the Coyote Valley area. Later on the City of San Jose extended water lines into this area. She stated that GOWC applied to and notified San Jose and LAFCO and almost every time PUC was favorable.

She indicated that last year GOWC put in a water line on Santa Teresa Boulevard, but later the City paid no attention and put a City water line in area that PUC had said the GOWC could serve. She felt that this was ridiculous that City could come into area that PUC said the GOWC could serve. She indicated that she wants people to talk to the Great Oaks Water Company if they need water in the Coyote Valley area.

- Comment that the City Council and County should do something creative in Greenbelt to preserve it value.
- Comment that "LAFCO says it should be OK for the City to bring in the Greenbelt, but City of San Jose will never annex it."
- Comments that the Coyote Valley vision photos from one of the previous workshops give property owners the impression they can do something that they cannot really do.
Response: Laurel Prevetti commented that the City wants the property owners opinions and then we will see what City Council decides and what is practical. She indicated the economic consultants would also be able to tell use whether wineries are realistic economically.

3) Adjourn:

Councilmember Forrest Williams thanked everyone in attendance and indicated that the comments will be forwarded to the Coyote Valley Specific Plan Task Force and the City Council for their consideration.

The meeting was adjourned at 8:20 p.m.