Council Agenda: 4/5/05
Item: 4.5

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Stephen M. Haase

SUBJECT: **COYOTE VALLEY SPECIFIC PLAN PROGRESS REPORT #3**

DATE: March 30, 2005

Approved [signature] Date 3.31.05

Council District: 2
SNI Area: N/A

REASON FOR ADDENDUM

Progress reports on the Coyote Valley Specific Plan have all been heard by the City Council at their evening sessions to provide an opportunity for broad segments of the community to provide comments directly to the City Council.

RECOMMENDATION

It is recommended that the City Council accept the Third Progress Report regarding the Coyote Valley Specific Plan (CVSP), addressing the approach to the CVSP Environmental Impact Report (EIR) alternatives to the proposed project, the potential impact of the CVSP on job growth in North San Jose and Downtown, and the community involvement process for the South Coyote Valley Greenbelt area.

BACKGROUND

In August 2002, the Mayor and City Council initiated the preparation of a specific plan for the 7,000-acre Coyote Valley, located in the southern reaches of the City of San Jose. Consistent with the San Jose 2020 General Plan, the Coyote Valley Specific Plan (CVSP) envisions a vibrant, urban, mixed use, transit-oriented, and pedestrian friendly community for the North and Mid-Coyote area (3,400 acres). The 3,600-acre South Coyote Valley area is intended to be a permanent, non-urban buffer between the San Jose and Morgan Hill.

At the time of the Plan's initiation, the City Council appointed a 20-member Task Force and adopted a vision statement with sixteen expected outcomes (see Attachment 1). The Task Force, co-chaired by Mayor Ron Gonzales and Councilmember Forrest Williams, guides the preparation of the Coyote Valley Specific Plan. The Task Force includes Supervisor Don Gage, property owners, labor and business interests, environmental advocates, and other stakeholders.

The Specific Plan effort is being led by City Planning staff and a consultant team headed by the Dahlin Group and KenKay Associates. The lead environmental consultant is David J. Powers & Associates. The consultant team includes Economic & Planning Systems, HMH Engineers, WRA (Wetlands Research Associates), Schaaf & Wheeler, ENGEO, Hexagon, Basin Research, Lowney Associates, SAGE, and Apex Strategies.

The City Council has previously considered two Progress Reports on the Coyote Valley Specific Plan. The First Progress Report, on September 21, 2004, focused on the proposed Infrastructure Framework based on Coyote Valley's environmental conditions. The Framework includes public transit, a restored Fisher Creek, a 50 plus-acre lake, and parkway road system. Together, these individual elements are the structure for a new community of mixed uses and distinct neighborhoods. At that time, the Council also reaffirmed the Vision and Expected Outcomes for the Coyote Valley Specific Plan.

On January 14, 2005, the City Council accepted the Second Progress Report on the draft Land Use Plan Concept, preliminary infrastructure costs, and preliminary feasibility measures. The development of the Plan Concept is based on the Council's Vision and Expected Outcomes, as well as input from many stakeholders who participated in meetings with the Task Force, Technical Advisory Committee, technical subcommittees, general community, focus groups, and Coyote Valley property owners. The Plan Concept is organized around a slightly modified Infrastructure Framework, which more efficiently locates the parkway road and reduces the size of the lake. This more cost-efficient approach was in direct response to the Council's comments on the First Progress Report.

The Plan Concept carefully integrates land uses into a fine grain of mixed-use neighborhoods that are walk able, connected to transit and amenities within the community and to the surrounding natural environment. Estimated preliminary total infrastructure costs were $1,668,251,000 and estimated developer-funded infrastructure costs were $1,496,000,000. The Plan Concept was determined to be financially feasible based on the preliminary cost and value estimates.

When accepting the Second Progress Report, the Council requested that: 1) outreach be conducted to identify potential alternatives to the proposed project for consideration in the EIR; 2) an analysis of the potential economic impacts of CVSP on North San Jose and Downtown; and 3) the consideration of a possible new sub-committee on the Greenbelt to address community involvement in the development of the Greenbelt Strategy. The Third Progress Report contained in this memorandum addresses all three items.

ANALYSIS

EIR Project Alternatives and Comments

The Coyote Valley Specific Plan (CVSP) requires the preparation of an Environmental Impact Report (EIR), and is anticipated to take approximately 6 months to complete. One important consideration about the California Environmental Quality Act (CEQA) is that an EIR is an informational document written to provide decision makers, public agencies and the general public with detailed information about the potential effects (impacts) a proposed project is likely to have on the *physical* environment. The EIR is required to list ways in which the *significant* effects of a project might be minimized through *feasible* mitigation measures. Lastly, the EIR must propose and analyze a *reasonable* range of alternatives to the proposed project. The emphasis added to the preceding comments reflects critical distinctions that CEQA regulations contain about the specific contents and process for an EIR.

CEQA requires that an EIR identify alternatives that are potentially feasible, accomplish *most* of the basic project objectives, *and* avoid or substantially lessen the significant effects of the proposed project. Certain alternatives, such as the "No Project" alternative, are mandated by CEQA. Staff and the EIR consultant will develop the balance of the alternatives during the preparation of the Draft EIR. The project alternatives for this EIR cannot be fully developed and finalized until the all of the potentially significant environmental impacts of the project have been analyzed and identified. The list of reasonable alternatives will be developed in response to the conclusions of the EIR analysis. Staff will consider the information collected at the recent public meetings and written communications to staff during the formulation of the appropriate EIR alternatives.

In response to the Council's request, staff and consultants conducted a series of early EIR public outreach meetings with the Task Force, Technical Advisory Committee, CVSP property owners (including the South Coyote Greenbelt owners), and general public during the past two months. Formal EIR Public Scoping Meetings are expected to be held during the 30-day Notice of Preparation (NOP) review and comment, which is anticipated in the next 90 days. The major comments received at the early EIR consultation meetings were split between the EIR project alternatives and specific environmental impacts of biology, hydrology, water quality, traffic, and urban services. Additionally, significant comments on land use planning for the South Coyote Valley Greenbelt were received. The following are a summary of the public comments received at the recent EIR outreach meetings.

EIR Project Alternatives

Numerous comments were made regarding various potential project alternatives that should be included in the EIR. There was a significant number of comments regarding the use of the Greenbelt Alliance "Getting It Right" Plan as an EIR alternative, or to at least compare the City's proposed Plan Concept against the major components of the "Getting It Right" Plan. Another

suggestion was that a smaller urban footprint alternative would allow more open space to accommodate possible future mitigation areas, recognizing this would mean higher density development. Comments were also received regarding traffic as a major topic area.

It was suggested that consideration should be given for a transportation alternative based on a grid pattern street system with no parkways and different freeway interchange designs. Another major comment topic area was that alternatives to the core infrastructure should include a "No Lake" and "No Relocation of Fisher Creek" alternative. A delayed-start alternative was proposed that would amend the General Plan "triggers" to require that substantial levels of development occur in the North San Jose and Downtown areas prior to Coyote Valley development. It was also suggested that the "Reduced Scale Alternative" should consider both a proportional and a disproportional reduction in number of jobs and housing units. The disproportional reduction would emphasize housing over jobs.

Staff will ensure that the project alternatives in the EIR are explained in sufficient detail to provide readers with meaningful descriptions to understand the project alternatives. As noted above, CEQA requires that project alternatives must lessen or eliminate the potentially significant environmental impacts of the proposed project. The "No Project" Alternative, as required by CEQA, would retain the existing policy framework and land use designations, which would mean that no residential development would occur at this time. However, industrial development in North Coyote Valley could continue to proceed in accordance with existing land use policies and previous approvals.

Alternative Locations

CEQA requires that an EIR look at alternative locations for projects to determine if there is a less sensitive location to build the project. A project of this size will, obviously, be very difficult to locate elsewhere in the City, if not the County.

There were proposals made for consideration as alternative project locations. It was suggested to relocate the dwelling units and jobs within the existing City limits, e.g., North First Street or Downtown, or dispersed throughout the City. Another was to keep the project within Santa Clara County, but open up other areas to development (i.e., east foothills). The South Almaden Valley Urban Reserve was also suggested as an alternative location. Another concept was to "flip" the Greenbelt to North Coyote and allow urban development in Mid- and South Coyote Valley.

Specific Environmental Impacts

Numerous comments were received regarding the environmental impacts that should be analyzed in the EIR and potential mitigation measures. There were many questions on the scope of the analysis and level of detail that would be included in the EIR.

Potential Biology Impacts

There were many comments received regarding potential biological impacts. The issue of serpentine soils and any secondary impacts on associated species (i.e., Bay Checkerspot Butterfly) was frequently mentioned. Staff was asked to analyze the potential of "urban heat effects" on creeks and aquatic habitat(s). It was requested that migration corridors be studied for biological resources in the valley. A common question was how would the loss of habitat for biological resources be mitigated? Another question was whether land will be set aside for mitigation within the Specific Plan boundaries or in the Greenbelt? One request was that consideration be given to the migratory waterfowl that may be attracted to the future lake to make sure it did not create unanticipated problems.

Potential Hydrology and Water Quality Impacts

Several people stated that the restoration and re-alignment of Fisher Creek should not impact existing flow rates on Coyote Creek. A common question was if recycled water would be supplied to the project. A comment was made that water treatment measures, such as bio-swales and detention basins, should be located on public property to ensure proper installation and long-term maintenance. There was a general concern regarding the effect of the high water table in the valley. Also, there were questions and concerns about the operation and maintenance of the proposed central lake, specifically could the operation and maintenance of the central lake have potential secondary impacts on aquatic habitats and species of Fisher and/or Coyote Creek? Lastly, the adequacy of water supply to serve the valley population was raised as a major issue to be addressed in the EIR.

Potential Transportation Impacts

Many South County residents believe the 80/20 traffic split as included in the Coyote Valley Research Park project Final EIR is not accurate, and should not be assumed for the CVSP analysis. They think that the majority of vehicle trips will be coming from the south, rather than from the north into Coyote Valley. There was a question of how far from the CVSP the traffic impacts will be analyzed? It was stated that the project's potential impacts to roadways in the area, including Santa Teresa Blvd., Monterey Road, McKean Road, and Almaden Expressway should be analyzed, especially in light of the proposed parkway system.

Potential Public Services Impacts

Several persons stated that the proposed school sites are not sufficiently sized to accommodate the future demand, and that the EIR should analyze alternatives using a more suburban configuration. Speakers said that water supply must be analyzed in order to determine whether additional reservoirs are needed. People also noted that the demand for public facilities be addressed, such as schools, hospitals, police and fire. There were questions about the effects of the project resulting from changing the Santa Teresa Blvd. connections to South County, as well as potential growth inducing impacts to the south.

Potential South Coyote Valley Greenbelt Impacts

There were significant public comments on the South Coyote Valley Greenbelt and whether the EIR should analyze changes to the General Plan to allow more intense development. Several speakers asked about the economic impacts on the Greenbelt property owners that could result in blight from disinvestment. There were questions about whether there will be "mitigation" for the Greenbelt property owners. A common comment was that the EIR should consider methods to protect agricultural uses from nuisance complaints by the residents of the new urban development. Many people were of the opinion that the County's Right-to-Farm Ordinance does not work.

It was requested that the environmental analysis consider development in the Greenbelt at the same level as proposed in the Urban Reserve, as well as an analysis of possible future subdivision and build-out of the South Coyote Valley under the existing General Plan designations. Some people stated that the EIR should clearly define the Greenbelt vision. Questions about potential mitigation of impacts to farmland lost to development were asked in several meetings. Finally, speakers asked what the growth inducing impacts are to the hillsides and Greenbelt from the CVSP.

At the EIR outreach meetings, staff did comment that the EIR would be drafted to analyze the CVSP project consistent with the Council's Vision and Expected Outcomes as discussed in the project description under preparation. Staff noted that it did not anticipate the City Council including changes to the San Jose 2020 General Plan description of the Greenbelt as part the proposed CVSP project. Therefore, the EIR would not study the potential environmental impacts of accommodating additional private development in the Greenbelt beyond that currently allowed. Staff explained that without the EIR studying that issue, no changes could be made as a part of the CVSP to allow additional development in the South Coyote Valley Greenbelt.

Conclusion and Next Steps

Council acceptance of the Third Progress Report would allow staff and consultants to continue the preparation of a draft project description with Council's input. The preparation of an accurate project description is very important because CEQA requires consistency between the project description included in the NOP and the EIR. Significant changes to the project description could require recirculation of the Draft EIR. Some of the more detailed questions that have been asked to date, and that are very important to the Task Force, Council, and other stakeholders, can only be answered during the preparation of the EIR.

Preparation of the Administrative Draft EIR will be based, in part, on the extensive technical studies prepared prior to commencement of the land planning. The DEIR will acknowledge in the land use history section that development has already been approved in North Coyote Valley. The City has issued Planned Development permits for approximately 20,000 jobs for the Coyote Valley Research Park project.

The current EIR schedule is to complete the project description and issue the EIR Notice of Preparation (NOP) in late April 2005. The Draft EIR (DEIR) must be circulated in September 2005 in order for the Planning Commission to consider certification of the Final EIR in February 2006. Drafts of the Coyote Valley Specific Plan, Zoning Code, Design Guidelines, and Financing Strategy are expected to be available before September 2005. The City Council public hearing on the CVSP documents, including the EIR, would be held in March 2006.

Potential Economic Impacts of the CVSP

The Council's request to analyze the potential economic impacts was in direct response to skepticism expressed by some members of the public about the market demand for job locations planned in Coyote, and the possibility that Coyote Valley would compete with, and might even impede, job growth in North San Jose and the Downtown. The CVSP staff and economic consultants, Economic and Planning Systems (EPS), have analyzed this potential impact on job growth in other parts of San Jose and concluded that there is no negative effect. The reasons are:

(1) The Association of Bay Area Governments forecasts that San Jose could add approximately 240,00 new jobs between 2005 and 2030. As discussed at the Council Study Session on February 14, 2005, North San Jose and the transit corridors already have a capacity for an additional 30,000 jobs. The proposed North San Jose Policy update would add 68,000 new jobs. The proposed Downtown Strategy would add 30,000 new jobs, totaling 128,000 jobs.

(2) Coyote Valley is planned to have at least 50,000 jobs. Based on EPS' market study which accounts for existing vacant office space and the economic slowdown, Coyote Valley is not expected to reach the 5,000 job mark until 2012, and attain the 50,000 job mark until 2040. Therefore, Coyote Valley should not impede job growth in North San Jose or Downtown.

(3) Job opportunities in Coyote Valley would improve the diversity of workplace choices for future employers, and thus would strengthen San Jose's competitive advantage over other Silicon Valley cities. North San Jose offers the "North First Street" address and close proximity to other technology companies; Downtown is San Jose's creative, cultural center attractive to driving and business support industries; Edenvale provides a more suburban office park environment with biotech incubator; and Coyote Valley presents a unique greenfield environment. By having a diversity of workplace options, San Jose can improve its employment base and fiscal condition.

(4) Jobs would not be assigned to Coyote Valley at the expense of other areas. Planning simply provides options for the broadest possible range of employers.

(5) Major development/redevelopment of other San Jose sub areas, including North San Jose and Downtown, is expected to occur even with development in Coyote Valley.

(6) The goal of Coyote Valley's fiscal self-sufficiency means other areas of San Jose would not subsidize Coyote Valley.

(7) By creating 50,000 jobs in South San Jose, the CVSP could improve the regional traffic balance by alleviating the current predominant commute traffic congestion through job distribution.

Community Involvement Process for the South Coyote Valley Greenbelt

At the January 14, 2005 Council meeting, many South Coyote Valley property owners, including members of the Victory Outreach Church, indicated that the CVSP process was not addressing their concerns. Consequently, some Council members suggested creating a subcommittee to oversee the development of a Greenbelt Strategy. Mayor Gonzales indicated that he would consider the proposal in consultation with the CVSP co-chair and respond at the February CVSP Task Force meeting.

At the February 7th Task Force meeting, Mayor Gonzales indicated that he had given careful thought to the request for a Greenbelt Task Force or sub-committee, but decided against appointing such a committee for the following reasons:

(1) Per the Council's Vision and Expected Outcomes, the Greenbelt is included in the CVSP for financing purposes to provide permanent protection of the Greenbelt. The direction is to determine an implementation strategy that works with existing City and County zoning and General Plans.

(2) The City is not proposing or studying any changes to the existing land use regulations that have long governed the Greenbelt. Existing legal development rights remain regardless of the CVSP.

(3) Greenbelt property owners should not have an expectation of a new detailed land use plan for South Coyote Valley because there already is a plan in the form of existing zoning and General Plan policies.

(4) The County's zoning and General Plan are aligned with the City's zoning and General Plan. These Plans were determined many years ago.

(5) As a result, the Planning and CVSP staff should continue to meet with South Coyote Valley property owners individually, as a group and with other interested stakeholders on the details of the Greenbelt Strategy.

PUBLIC OUTREACH

The Coyote Valley Specific Plan effort involves extensive community outreach, as well as discussions with many other governmental agencies. To date, the Task Force has met 30 times. There have been nine well-attended community workshops, including an interactive design studio. A Technical Advisory Committee consisting of staff from public and non-governmental agencies meets monthly, as do various technical sub-committees and staff from City Departments.

OUTCOMES

The Third Progress Report provides an opportunity for the Council to take public testimony and provide direction to the staff on the preparation of the Coyote Valley Specific Plan and its Environmental Impact Report, as discussed in this report.

COST IMPLICATIONS

Pursuant to City Council direction in 2003 that new long range planning activities need to be funded from external sources, the Coyote Valley Specific Plan effort is entirely funded by a group of property owners represented by the Coyote Housing Group, LLC, and has no impacts on the City's General Fund.

COORDINATION

The approach to the EIR and other items contained in this memorandum have been coordinated with the City Attorney's Office. The Specific Plan effort involves almost all City Departments and many outside local, state, and federal agencies, including but not limited to the Santa Clara Valley Water District, Valley Transportation Agency, Department of Fish and Game, U.S. Fish and Wildlife Service.

CEQA

Exempt, PP03-11-366.

Laurel Prevetti

(for) STEPHEN M. HAASE, DIRECTOR
Planning, Building and Code Enforcement

Attachment:
City Council's Vision and Expected Outcomes

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ATTACHMENT 1

Coyote Valley Specific Plan
COUNCIL'S VISION AND EXPECTED OUTCOMES

1. The plan will include Central and North 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 (Greenline) between Central and South 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. We 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 we shall determine the distribution of that potential across north and south, including mixed-use concepts.

7. It will be important to 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 Plan area for a vibrant, mixed-used, urban community.

8. 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 Mid-Coyote should contain a rich system of parks, trails, and recreation areas.

10. The identification of financing measures for the needed capital improvements to support the planned levels of development.

11. The plan must be financially feasible for private development.

12. The 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 plan should seek mechanisms to facilitate the permanent acquisition of fee title or conservation easements in South Coyote.

15. The 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 plan shall include a requirement that will mandate 20 percent of all units be "deed- restricted, below-market-rate units.

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