

SENT TO COUNCIL MAR 22 1999

CITY OF SAN JOSE - MEMORANDUM

TO: Honorable Mayor and City Council

FROM: James R. Derryberry

SUBJECT: NORTH COYOTE VALLEY
AND RELATED ISSUES

DATE: March 17, 1999

APPROVED: 

DATE: 3/19/99

INFORMATION ONLY

BACKGROUND

Within the last couple of weeks, Cisco Systems and Calpine announced their intentions to develop major facilities within the North Coyote Valley Campus Industrial Area. As a result, the media has given a lot of attention to Coyote Valley, including speculation about its future direction. The City Council will be holding public hearings and considering many land use planning and related decisions associated with both proposals. This memorandum identifies the processes, the decision points, and general schedules for these two proposals. In addition, the memorandum provides background on the City Council's adopted policies guiding land use development in North Coyote and the remaining Coyote Valley (see attached map).

ANALYSIS

North Coyote Valley Campus Industrial Area - Overview

In 1983, the City Council amended the General Plan to allow Campus Industrial uses in the North Coyote Valley. Based on planned infrastructure, the approximate 1,440-acre area has a development capacity of 50,000 jobs. A *Master Development Plan*, adopted in 1985 by the City Council, specifies the character of private development and public infrastructure within the North Coyote Valley Campus Industrial Area. Essentially, the *Master Development Plan* established large, single-user industrial sites within a high prestige industrial area. All development is expected to be high quality, capturing the rural character of North Coyote Valley by being sensitive to the area's environmental features such as the hills, view, existing trees, and agricultural history.

Last year, the major property owners of North Coyote Valley requested an amendment to the text of the General Plan to reduce the minimum parcel size for planning purposes (i.e., zoning and planning permit) to ten acres. It is anticipated that most campuses will be larger than that. The City Council approved the request in December 1998.

Now, the major property owners are working with their consultants and City staff to revise the *North Coyote Master Development Plan* to reflect the new General Plan language, and to update the public infrastructure requirements, particularly as they relate to flood control. These revisions will also include modifications to the design guidelines and development standards for private development. A draft of the *Master Development Plan* is expected to be submitted for staff review later this month. At this time, **the City Council is expected to act on the revised *North Coyote Valley Master Development Plan* in May 1999.**

Cisco

Cisco Systems has optioned approximately 680 acres from the Divco West Gibson Speno partnership, one of the major property owners involved in the revision of the aforementioned *North Coyote Valley Master Development Plan*. The property is located north of Bailey Avenue along both sides of Santa Teresa Boulevard. The highlights of the Cisco entitlement process, particularly as it involves the City Council, is outlined below:

- Cisco is expected to file a Planned Development zoning in April 1999.
- A Draft Environmental Impact Report (EIR) covering the rezoning, grading, maps, and development agreement is expected to begin public review in December 1999.
- Planning Commission hearings on the EIR, zoning, and development agreement are expected to occur in April 2000.
- The City Council hearings on the zoning and development agreement are tentatively scheduled for May 2000.

If this schedule is met, Cisco expects to be **under construction in July 2000 and complete the first buildings in late 2001/early 2002.**

Major infrastructure needs to be constructed to support private development in North Coyote Valley. In addition to site-specific items (e.g., sanitary sewers and local streets), area-wide infrastructure needs include the construction of an interchange at Bailey Avenue and Highway 101, flood control improvements, and a water tank.

The major property owners, particularly Cisco, have asked the City to consider contributing to the cost of the area-wide infrastructure. The City has hired Economic & Planning Systems to evaluate alternative ways of financing this infrastructure, including any rationale for the City's participation. The results of this analysis are not expected for a few months. Ultimately, the City Council would decide the appropriate level, if any, of the City's contribution to North Coyote Valley infrastructure.

Calpine

Calpine is proposing to construct the Metcalf Energy Center on a ten-acre, unincorporated site located at the base of Tulare Hill. The Energy Center would consist of a gas-fired combustion plant employing 22 people. The general entitlement schedule for this project is:

- General Plan amendment was filed in March 1999.
- Application with the California Energy Commission is expected to be filed in April 1999.
- Application for Planned Development (PD) Rezoning and annexation is expected to be filed in Summer 1999.
- Draft EIR covering the General Plan amendment, rezoning, and annexation is expected to be available for public review in Summer 1999.
- Planning Commission hearings on the EIR and General Plan amendment are expected in October 1999.
- City Council action on the General Plan amendment expected in November/December 1999.
- City Council action on the PD Rezoning and annexation of the property is expected in 2000.
- Construction tentatively scheduled to start in April 2000 with the Center operational in Summer 2002.

Coyote Valley Urban Reserve

Established in 1984, the Coyote Valley Urban Reserve covers approximately 2,000 acres in Mid-Coyote. The *San Jose 2020 General Plan* provides the policy direction for planning and ultimate development of the Urban Reserves. Specifically, the Urban Reserves are appropriate for urban development and inclusion in the Urban Service Area in the future after the satisfaction of specific prerequisite conditions. These conditions are detailed below:

1. 5,000 new jobs are added to the North Coyote Campus Industrial Area
2. City's fiscal condition is stable based on a five-year economic forecast projecting:
 - A. A balanced budget or budget surplus for each of the five years.
 - B. City service levels throughout San Jose projected to be the same or better as 1993.
 - C. Reasonable certainty that the City's fiscal relationship with the State or other governmental levels will not be significantly altered during the forecast period.

The first condition is expected to be met within 5 years; however, the second condition is very difficult to meet. Even in today's economic "good times," San Jose is challenged to meet the service needs of the population.

Once the prerequisite conditions are met, the City Council would need to approve a General Plan Amendment to establish a Planned Community for the North and Mid-Coyote Valley. The

Planned Community designation would provide general direction for the preparation of a specific plan for this area.

The *San Jose 2020 General Plan* contains clear direction for the "vision" of the Coyote Valley Urban Reserve. The major elements of the vision are:

- ✓ A very urban, pedestrian oriented and independent community with high density housing, supportive businesses and services, and Campus Industrial land uses.
- ✓ 20,000-25,000 dwelling units.
- ✓ 50,000 jobs in the Campus Industrial area.
- ✓ A phasing plan to pace housing development with job growth.
- ✓ Extension of light rail.
- ✓ New development to provide all capital improvements.

Coyote Greenbelt

The southernmost portion of Coyote Valley is within the Coyote Greenbelt area, as depicted on the *San Jose 2020 General Plan* Land Use/Transportation Diagram. The Greenbelt is intended to establish a permanent, non-urban buffer between San Jose and Morgan Hill. Allowed land uses within the Greenbelt are consistent with the underlying land use designations of Agriculture and Rural Residential (0.2 du/ac).

CONCLUSION

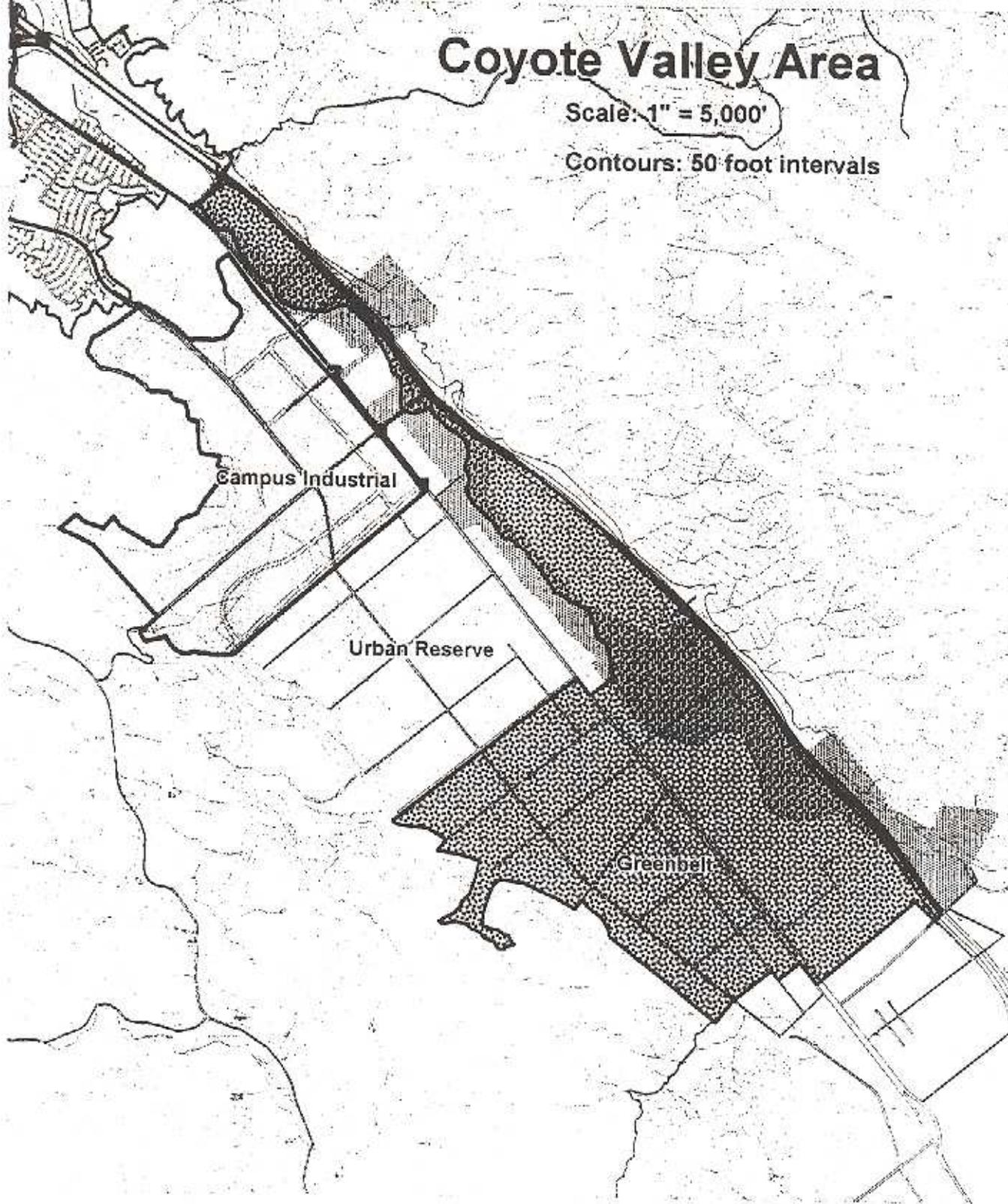
The development direction for Coyote Valley has been in place for over a decade as a result of City Council actions associated with San Jose's General Plan. Planning staff will continue to inform the City Council about the status of the Cisco and Calpine proposals as well as future development projects in Coyote Valley.


James R. Derryberry, Director
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Coyote Valley Area

Scale: 1" = 5,000'

Contours: 50 foot intervals



map produced by the City of San Jose Department of Planning, Building and Code Enforcement, Planning Services Division - March 2, 1999



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North Coyote Campus Industrial

Coyote Valley Urban Reserve

Coyote Greenbelt

approximate 50 foot contour intervals

San Jose's Urban Service Area

Coyote Creek Park Chain