COUNCIL AGENDA: 06/19/07
ITEM:

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Joseph Horwedel

SUBJECT: **EVERGREEN DEVELOPMENT POLICY**

DATE: June 1, 2007

Approved Paul Krutko Date 6/5/07

COUNCIL DISTRICT: 5, 7, & 8
SNI AREA: West Evergreen, K.O.N.A, & East Valley/680

RECOMMENDATION

Staff recommends that the City Council accept the proposed work plan to update the Evergreen Development Policy (EDP) consistent with the Council's actions on May 15, 2007, and provide input on phasing/trigger options.

PURPOSE/SUMMARY

The purpose of this memorandum is to provide the City Council with a work plan (See Attachment 1) which will consist of options for the Council to consider regarding a proposed update to the Evergreen Development Policy and would be completed in Fall 2007. The options incorporate the City Council actions listed in the *Background* section.

BACKGROUND

On May 15, 2007, the City Council approved the following motions regarding the Evergreen East Hills Vision Strategy (EEHVS) project:

- Defer the consideration to convert the 320 acres of land designated as Campus Industrial to the General Plan Update;
- Return in 30-days with a work plan to create an update to the EDP that:
  - Considers authorizing residential development to occur within the Evergreen area (i.e., three remaining Opportunity Sites and residential pool units);

- Incorporates appropriate "triggers" in a proposed EDP update to promote the construction of industrial space in the Evergreen area prior to, or concurrently with residential development;
- Incorporates design guidelines established through the Evergreen Visioning Project Task Force; and
- Incorporates the May 2007 Evergreen Development Policy amenity list as a moralized list of unmet/unfunded community needs.

ANALYSIS

Based on the City Council's actions and staff's recent discussions with the property owners of the non-industrial opportunity sites, the previously proposed "package" voluntarily offered by the property owner group is no longer open for consideration. Instead, only the developers of the Pleasant Hills Golf Course are interested in entertaining a binding agreement to provide a voluntary contribution for transportation improvements and/or previously unfunded community needs.

Key Work Plan Tasks

Updated Evergreen Development Policy Capacities/Assumptions

With no voluntary "package" from the property owners to fund various transportation and community amenities above what the City could typically require, staff would focus on preparing an Area Development Policy which is primarily focused on transportation capacity as it relates to residential development within the Evergreen area. The Final Environmental Impact Report prepared for the EEHVS project provides clearance for an updated EDP that would be consistent with Scenario VI, as described in the Final EEHVS EIR and shown in the below table. Any update to the EDP would still require the construction of transportation improvements and mitigation measures which were identified in the Final EEHVS Environmental Impact Report.

SUMMARY OF LAND USE SCENARIO VI AS DESCRIBED IN THE EEHVS EIR	
Residential (dwelling units) > Arcadia – 1,875 units > Pleasant Hills Golf Course - 825 units > Evergreen Valley College - 500 units > Residential Pool Units - 700 units	3,900
Commercial (square feet)	500,000
Professional Office (square feet)	75,000
Retain 320 acres of Industrial Campus (square feet based on build-out at 0.40 FAR)	4,660,000

The proposed EDP update would focus on achieving the implementation of those transportation improvements identified in the Final EEHVS EIR (see Attachment 2) including a "fair-share" portion of the Highway 101 improvements through either a revised Traffic Impact Fee or the possibility of formulating a new Evergreen Benefit Assessment District, and therefore might not require new environmental analysis as it relates to transportation. Although the Final EIR provides clearance for the development capacities listed above, since the complete funding of the transportation improvements would not be time certain as in the previous "package," at minimum staff would need to prepare an Addendum to the Final EIR to disclose interim transportation impacts which may occur. Implementing a new Traffic Impact Fee would also require an update to the Evergreen Nexus Study prepared for the EEVHS project.

Transportation

As indicated above, the staff's proposed work plan would assume development capacities within Scenario VI identified in the Final EEHVS EIR, and therefore may not require additional environmental analysis. However, as referenced above, since the complete funding of the transportation improvements would not be time certain as in the previous "package," at minimum staff would need to prepare an Addendum to the Final EIR to disclose an interim transportation impacts which may occur.

Should the City Council desire to consider development capacities beyond those indicated in the above table, additional analysis related to transportation, noise, and air quality would need to be prepared and circulated through a public process as a Supplemental EIR.

The required transportation improvements identified in the final EEHVS EIR would need to be funded through two potential options that could include a Traffic Impact Fee or a new Evergreen Special Assessment District. A new Evergreen Special Assessment District would require a majority vote of the property owners subject to the new Assessment District.

Unfunded Community Needs

With the indication of limited voluntary contributions from the developers for the construction of community amenities, residential development under an updated EDP would only be subject to the City's Parkland Dedication Ordinance/Parkland Impact Ordinance (PDO/PIO) related to community parks. However, as directed by the City Council, an updated EDP would incorporate the priority amenity list through the EEHVS process to recognize the unmet and unfunded community needs in the Evergreen East Hills area. Acknowledgement and documentation of these priorities may be useful in future capital improvement budgets, including the use of PDO/PIO dollars.

Development Triggers

As directed by the City Council on May 15, 2007, staff would provide the Council with a variety of options related to the phasing of residential development with "job triggers," as has been done with North San Jose and the Coyote Valley Urban Reserve, along with consideration of viability. Direction from the City Council regarding the trigger options is requested in order to determine the

welcomes Council input on the following possible general parameters, which are intended to capture a requirement for some amount of economic activity prior to housing construction:

- The definition of "jobs": Job triggers could be considered strictly in terms of Campus Industrial jobs or a broader definition of jobs in Evergreen, such as retail, professional office as well as Campus Industrial. This could be combined with a square footage measurement (e.g., 5,000 industrial jobs and 200,000 square feet of commercial/office space).

- The phasing of jobs and housing: Based on the Council discussion in May, no new housing development could be allowed until some minimum amount of jobs (e.g., 5,000 or 10,000 jobs) occurs within Evergreen. Alternatively, an increment of housing (e.g., 800 units) may be allowed to move forward immediately, however, it would be "capped" until some increment of jobs occurs (e.g., 2,000 jobs).

- Exemptions for affordable or senior housing: The Council may wish to create incentives for certain types of housing to move forward prior to the full satisfaction of a job trigger.

- Exemptions for small residential projects: While the Council action contemplated small projects as ones less than 25 units, staff would consider a small project to be 5 units or less.

Retail Study

As part of the proposed work plan, staff would review the previously prepared Retail Study and discuss with the consultant as to any potential changes needed regarding the conclusion of the September, 2005 Retail Study, as directed by the City Council.

Work Plan Funding

The agreement with the EEHVS property owners, which paid for the administrative and staff review time, expired on December 31, 2006. Since the expiration of the subject agreement, City staff time has been charged to the City's General Fund. Continued processing of a proposed update to the EDP would require additional funding in order to appropriately allocate the necessary staff and commission the necessary consultant tasks (environmental/retail) needed to complete the proposed work plan attached.

Therefore, staff is recommending that the continued processing of a proposed EDP update and the associated and pending General Plan Amendments be charged via the Planning Division's standard hourly rate as identified in the adopted 2006 – 2007 Fee Schedule, subject to change as proposed in the City's current 2007-2008 Budget Proposal, in addition to fees related to public noticing, community meetings, and the like. Additional funding would be required to fund any additional environmental review and required updates to the previously prepared retail study.

Community Outreach on EDP Update

It is anticipated that staff would host a minimum of two community meetings in July and August as part of the attached work plan for an updated EDP in order to solicit comments update the community on the project's progress.

Staff acknowledges the hard work accomplished by the EEVHS Task Force and the variety of recommendations which resulted through the completion of the EEHVS process. As directed by the City Council, the work of the EEHVS Task Force should be incorporated into an updated EDP, specifically, the design guidelines established by the Task Force and the priority amenity list. Staff proposes to include aspects of the EEHVS Task Force's work in an updated EDP, as applicable.

POLICY ALTERNATIVES

Policy Alternative #1: Approve the Evergreen Development Policy work plan as proposed in this memorandum.

Pros: This option would establish a public process to consider an update to the Evergreen Development Policy providing for additional development in the Evergreen area, and incorporating design guidelines established through the EEHVS process.

Cons: This option would result potentially in a new policy prior to the completion of the General Plan Update.

Policy Alternative #2: Stop all work on an Evergreen Development Policy update.

Pros: This option would allow consideration of additional development and community facility needs in the Evergreen area to be considered in the context of the General Plan Update.

Cons: This option would retain the existing Evergreen Development Policy and not allow for development to be considered in the short term on properties such as Mirassou, Pleasant Hills Golf Course, Arcadia, Evergreen Valley Community College, and other smaller holdings.

PUBLIC OUTREACH/INTEREST

- ☐ **Criteria 1**: Requires Council action on the use of public funds equal to $1 million or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Extensive outreach program occurred throughout the EEHVS process. A variety of opinions were expressed throughout the process, including the most recent, publicly noticed EEHVS City Council hearing held on May 15, 2007. Notably, staff held a meeting with the property owners and community stakeholders on May 31, 2007, where the property owners expressed concern regarding delaying residential development with unrealistic phasing triggers. Additionally, the community expressed concern that the underlying basis of the EEHVS process would be lost without a developer voluntary contribution to fund the priority amenity list previously recommended by the EEHVS Task Force and the Planning Commission.

This memorandum and other materials associated with the proposed public hearing will be posted on the City's website to facilitate the public's ability to watch, attend and/or address the Council at the public hearing.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, Department of Transportation, Office of Economic Development, and the Department of Parks, Recreation, and Neighborhood Services.

CEQA

On November 10, 2006, the Planning Commission Certified the Final EEHVS Environmental Impact Report (EIR), which was later appealed to the City Council. The City Council subsequently upheld the Planning Commission's Certification of the Final EEHVS EIR on December 12, 2006. Scenario VI, analyzed in the Final EEHVS EIR, disclosed impacts associated with a project that would retain 320 acres of industrially designated land and up to 3,900 residential units, in addition to 575,000 square feet of retail and included a set of transportation improvements in addition to standard mitigation measures.

Laurel Prevetti

JOSEPH HORWEDEL, DIRECTOR
Planning, Building and Code Enforcement

For questions please contact Laurel Prevetti, Assistant Director, at (408) 535-7901.

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ATTACHMENT 1

DRAFT EVERGREEN DEVELOPMENT POLICY WORK PLAN JUNE – NOVEMBER 2007
TASK 1 – JUNE/JULY Options to allow additional residential and commercial development in an updated Evergreen Development Policy.
TASK 2 – JUNE/JULY Identify options to incorporate phasing-triggers for residential and industrial development in an updated EDP.
TASK 3 – JULY/AUGUST Revisit the existing Retail Study which focuses on existing and potential future demographics on retail market conditions and demand for services in the Evergreen area, including the Evergreen Valley College site.
TASK 4 – AUGUST/SEPTEMBER - Outreach to the affected school districts and identify any needs based on new options for an updated EDP. - Host a minimum of two (2) community meetings in order to solicit community input and update the community regarding potential options for an updated EDP. - Status report to the City Council.
TASK 5 – JULY/AUGUST Prepare and circulate for public comment, appropriate environmental documents.
TASK 6 – JULY/AUGUST - Prepare a new Traffic Nexus Study and an ordinance establishing a traffic impact fee as part of an update to the EDP; or - Prepare work plan to formulate a new Evergreen Special Assessment District for the funding of transportation investments and mitigation measures which would benefit the Evergreen East Hills communities.
TASK 7 – OCTOBER/NOVEMBER Planning Commission and City Council consideration of a proposed update to the EDP.

ATTACHMENT 2

TRANSPORTATION IMPROVEMENTS & MITIGATION IDENTIFIED IN THE FINAL EEHVS EIR
Intersection and Traffic Improvements >> White Road/Ocala Avenue/Marten Avenue >> White Road/Tully Road >> White Road/Norwood Avenue >> White Road/Quimby Road >> White Road/Stevens Lane >> White Road/Aborn Road/San Felipe Road >> Yerba Buena Road/San Felipe Road >> Yerba Buena Road/Silver Creek Road >> King Road/Tully Road >> Aborn Road/Ruby Avenue >> Capitol Expressway/Quimby Road >> Capitol Expressway/Aborn Road >> Capitol Expressway/Silver Creek Road >> Capitol Expressway/McLaughlin Avenue >> Aborn Road/Murillo Avenue >> Ruby Avenue/Norwood Avenue >> I-680 Ramps (N)/Jackson Avenue >> King Road/Everglade Avenue >> Quimby Road/Gavilan Drive >> Ruby Avenue/Tully Road >> Quimby Road/Arcade Drive >> Story Road/Clayton Road >> Marten Avenue/Flint Avenue >> Yerba Buena Road/Evergreen Valley College >> Aborn Road at Voltaire Street. >> Tully Road/ McLaughlin Avenue >> Yerba Buena Road/ Niemen Avenue
Operational Improvements on U.S. 101 between 280/680 & Yerba Buena Road
Reconfigure White Road to 6 lanes between Ocala Avenue & Aborn Road
Reconfigure Ocala Avenue to 4 lanes between Capitol Expressway & White Road
Improvements to Capitol Expressway between U.S. 101 & Quimby Road