



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Mayor Mahan
Vice-Mayor Foley
Councilmember Cohen
Councilmember Kamei
Councilmember Tordillos

SUBJECT: SEE BELOW

DATE: 11/14/2025

APPROVED:

Date: 11/14/2025

David Cohen Pam Foley Anthony Tordillos Rosemary Kamei Matt Mahan

SUBJECT: Request for Qualification Selection of Developer and Backup Developer for 159 Acres at the San José-Santa Clara Regional Wastewater Facility.

RECOMMENDATION

1. Accept staff recommendation to select Prologis as the primary development partner for the RWF buffer lands and Catellus Development Corporation and Deca Companies as the backup development partner, with the following conditions:
 - a. Recommend that staff include in the agreement with Prologis a goal that the site master plan be developed in alignment with San Jose's Climate Smart objectives by exploring approaches such as:
 - i. Power supplied by San Jose Clean Energy
 - ii. Capture and reuse of waste heat
 - iii. On-site energy production, storage or co-generation
 - iv. Use of innovative systems for cooling
 - b. Maximize the use of recycled water
 - c. Recommend that project planning takes into account sensitive burrowing owl habitat next to the development site and consider:
 - i. Prohibit the use of anticoagulant rodenticides to safeguard burrowing owls and other raptors from secondary poisoning.

- ii. Prohibit the use of other pesticides to prevent pesticides from contaminating groundwater and bay wetlands.
 - iii. Use only regionally native species in landscaping.
 - iv. Do not create perches that allow raptors a line of sight into the burrowing owl preserve (e.g. tall trees, building edges, lighting polls). If these are unavoidable, implement anti-perching devices.
 - v. Use light only where and when it is needed, at the lowest brightness and correlated color temperature.
- d. Explore partnerships with Santa Clara Valley Open Space Authority and/or Santa Clara County Habitat Agency when designing the recreation/open space on the property.

BACKGROUND:

The Regional Wastewater Facility (RWF) buffer lands offer one of the last large, high value sites for economic development in the City of San Jose, with the potential to significantly expand the City's long-term fiscal base. These assets position San Jose to attract high-wage employers in advanced manufacturing, clean technology, and data infrastructure. The proposed project is an economic catalyst for the City – one that could generate tens of millions in annual revenue, reinforce San Jose's growing AI ecosystem, and deliver long-lasting benefits to ratepayers.

Prologis' proposal highlights the strength of this opportunity. Their plan prioritizes high-value uses – data centers and advanced manufacturing – deliberately avoiding lower revenue warehouses. Prologis is committing to financing 100% of project costs and is advancing a data center strategy featuring flexible building design, optimal parcelization, and dedicated substations for each facility. Their approach provides a pathway to fully utilize the initial 250 MW of new power capacity. At this scale, the project is expected to generate roughly \$12 million annually in utility tax, with full build-out projected to generate approximately \$24 million annually for our General Fund. As we pursue this significant economic opportunity, we should also model sustainable development, making sure the project is a model for how we build data centers and advanced manufacturing in the context of our Climate Smart carbon neutral goals.

This area is highly ecologically sensitive and it's important that considerations be made for the endangered burrowing owl population in the area surrounding the proposed master plan site. We've included some best practices to ensure that these are considered in the process.

Forty acres of the buffer lands are set aside as "recreation" space. Given the 200 acres of owl habitat next door, the additional open space could be used for a visitor center or interpretive trails. There may be an opportunity to develop something in cooperation with conservation agencies such as the Open Space Authority or Habitat Agency. Considerations should also be

made in the design process for nature-based flood management solutions including native vegetation species.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.