



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Welsh
Rosalynn Hughey
Matt Cano

SUBJECT: SEE BELOW

DATE: January 17, 2019

Approved

D. DSYL

Date

1/18/19

COUNCIL DISTRICT: 2

SUBJECT: COYOTE VALLEY POLICY CONTEXT AND LAND ACQUISITION CONSIDERATIONS

PURPOSE OF STUDY SESSION

The purpose of the study session is to provide basic information and surface key issues about Coyote Valley as context for Council consideration of public purchase of land with proceeds from the Measure T bond measure for Environmental Protection Projects.

OUTCOME

The outcome of the study session will provide the City Council with the history and policy context of Coyote Valley, as well as considerations for a potential public acquisition of land in Coyote Valley.

BACKGROUND

On August 10, 2018, the City Council placed a ballot measure authorizing a \$650 million general obligation bond for Disaster Preparedness, Public Safety and Infrastructure on the November 6, 2018 ballot. Known as Measure T, it authorized the use of bond funds for “preventing flooding and water quality contamination, including the acquisition of open space in Coyote Valley for these purposes,” along with a number of other priorities.

On September 11, 2018, staff returned to the City Council with a proposed spending plan for Measure T bond proceeds. The plan identified \$50 million for environmental protection projects that involved “water supply, flood control, open space and environmental protection of lands

such as Coyote Valley.” Under this item, Councilmember Khamis issued a memo recommending that, should Measure T be approved and before any bonds are issued or funds are expended for the protection of lands such as Coyote Valley, the City Council hold a study session on Coyote Valley to “hear from environmental leaders and Coyote Valley landowners, review the General Plan with respect to the target properties, understand the economic effects of taking jobs lands and converting them to flood protection open space, and discuss the City’s proper role vis-à-vis flood protection.” The City Council approved the spending plan along with the direction in Councilmember Khamis’ memo. Voters approved Measure T at the November 6, 2018 election with over 70% over the vote.

This study session is in response to Council direction from the September 11, 2018 Council meeting.

ANALYSIS

This memorandum reviews the history and changing context for land use planning in Coyote Valley and provides an overview of existing land use entitlements, infrastructure investments and established Community Facilities Districts within the area. The memo describes the roles of Coyote Valley in the Envision 2040 General Plan and identifies related City planning documents. It summarizes, at a high level, the process for rezoning and permitting North Coyote properties for potential development and the process for considering potential adjustments to the underlying assumptions and Major Strategies of the Envision 2040 Plan. It describes analytic work by the Santa Clara Valley Open Space Authority and the Santa Clara Valley Water District on green infrastructure opportunities in Coyote Valley, and provides an overview of the Study Session panels Council will hear on January 22.

Location and Physical Setting

Coyote Valley is located at the southern boundary of San José within its Sphere of Influence, just to the north of the City of Morgan Hill. The Coyote Valley area consists of three different and distinctive planning subareas covering over 7,000 acres of mostly undeveloped land in the southern reaches of the City of San José: North Coyote Valley Employment Lands Growth Area (1,700 acres), Mid-Coyote Valley Urban Reserve (2,000 acres), and the South Coyote Valley Greenbelt (3,600 acres) (see attachment A). It is generally bounded by Tulare Hill to the north, Highway 101 to the east, the City of Morgan Hill to the south and the Santa Cruz Mountains to the west. Of the three sub-areas, all of the North Coyote Valley, approximately 16% of Mid-Coyote Valley, and about 20% of the South Coyote Valley were annexed into San José. The remainder of the land in Coyote Valley is under the jurisdiction of Santa Clara County.

Coyote Valley is surrounded by the foothills of the Mt. Hamilton Range to the east, and the Santa Cruz Mountains to the west, both of which serve as a natural habitat for a number of special status plant and animal species. Two perennial streams flow to the north through the valley: Coyote Creek and Fisher Creek. Coyote Creek flows on the eastern side of Coyote

Valley from Anderson Reservoir to San Francisco Bay. Fisher Creek flows from the foothills of the Santa Cruz Mountains in the south, to the confluence with Coyote Creek in North Coyote Valley. Historically, it flowed along a more westerly course to Laguna Seca, a floodplain area in the northern portion of the valley, but it was channelized and re-routed for agricultural purposes in the early 1900s.

History of Land Use Policy in Coyote Valley

Land use planning in Coyote Valley has been an important issue for over half a century. As development plans evolved since the 1960s, especially regarding the role of residential development, two elements have been consistent. For 35 years (since 1984), North Coyote Valley has been designated in city land use plans for campus/industrial uses. Also, South Coyote Valley has been designated as a permanent greenbelt buffer between San José and Morgan Hill.

1960s – 1970s: IBM Silicon Valley Lab, General Plan '75

The 1960 General Plan focused most industrial growth in North San José and along portions of Monterey Road, including Coyote Valley. Specifically, North Coyote Valley and a portion of what is now known as the South Coyote Valley Greenbelt, were designated for industrial uses. The remaining land in Coyote Valley was designated for residential uses.

In the early 1970s, on the heels of two decades of significant urban expansion, the City approved development of the IBM Silicon Valley Lab on the north side of Bailey Avenue west of Santa Teresa Boulevard, which is still in operation. However, as the City faced declining revenues and lack of community and political support for continued urban expansion, *General Plan '75*, adopted in 1976, designated most of Coyote Valley for agricultural uses, and limited areas for rural residential and low density residential uses. Other than the IBM Silicon Valley Lab, Coyote Valley subsequently remained designated for non-urban land uses until the mid-1980s.

1980s: Horizon 2000 General Plan, North Coyote Valley Industrial Development Plan

By the 1980s, there was mounting pressure to open up Coyote Valley for urban development and various industrial firms acquired sizable property holdings. The City convened an Economic Development Task Force (Task Force) in 1982 following submittal of applications from developers to re-designate their lands in Coyote Valley from agriculture to campus/industrial under the City's General Plan. The Task Force was established to perform a comprehensive review of the City's economic development program and to prepare recommendations on the specific parcels in Coyote Valley requested for re-designation. The Task Force, among other items, recommended the creation of a comprehensive plan for Coyote Valley through the Horizon 2000 General Plan process, expansion of the urban service area to accommodate large firms in North Coyote Valley and Edenvale, and approval of proposed General Plan amendments to allow industrial uses in North Coyote Valley. Proponents of the Task Force recommendations reasoned that selective industrial development within Coyote Valley would generate revenues to support City services and support a reverse commute pattern that would make better use of

existing transportation infrastructure by placing job growth in the job-poor southeast portion of the City.

In 1983, following City Council's unanimous approval of the Task Force's report and associated General Plan amendments to allow campus/industrial uses in North Coyote Valley, Tandem Computers purchased over 100 acres of land in Coyote Valley with plans to build more than 2 million square feet of office, R&D, and manufacturing uses over multiple phases. Various landowners then sought and obtained City Council approval of the rezoning of over 500 acres of land along both sides of Santa Teresa Boulevard north of Bailey Avenue for campus/industrial uses (PDC83-075). That same year, Steve Jobs of Apple Computers Inc. (currently Apple, Inc.), toured Coyote Valley by helicopter to consider sites for a possible campus headquarters. Apple Computers Inc. subsequently acquired approximately 140 acres in Coyote Valley and sought and obtained City Council approval of the rezoning of its property to allow over 1.5 million square feet of campus industrial uses (PDC84-107). However, neither development moved forward, in part due to a downturn in the economy in the mid-1980s. Apple Computers Inc. ultimately sold its property to Brandenburg Properties in 1998.

Consistent with the Economic Development Task Force's recommendations, in 1984 the City's *Horizon 2000 General Plan* reaffirmed the desire to allow campus industrial uses in North Coyote Valley and established other land use designations for the rest of Coyote Valley. The approximately 2,000-acre Mid-Coyote Valley was designated as an Urban Reserve for future mixed-use development with 25,000 residential units after the satisfaction of certain prerequisite conditions. The approximately 3,600-acre South Coyote Valley was designated as a Greenbelt to ensure a permanent non-urban buffer between San José and Morgan Hill.

The prerequisite conditions for development of Mid-Coyote Valley or "triggers" were intended to ensure adequate roadway infrastructure to accommodate residential growth was in place, and that industrial development preceded housing development in the Urban Reserve. The conditions for development of the Urban Reserve included the preparation of a Specific Area Plan if certain criteria were satisfied.

Following adoption of the *Horizon 2000 General Plan*, the City Council adopted the *North Coyote Valley Industrial Development Plan* (Development Plan) in 1986 (<http://www.sanjoseca.gov/DocumentCenter/View/54542>), the culmination of a three-year planning effort to establish clear guidance for development in North Coyote Valley and implement the City's General Plan. The Development Plan's stated goals were to: 1) Provide much-needed, large, single-user sites where major companies can consolidate their operations and; 2) by doing so, ensure the region's long-term economic health. In addition, the Development Plan set forth standards required for public and private improvements.

1990s: San José 2020 General Plan, Urban Growth Boundary

In 1994, ten years after adoption of the *Horizon 2000 General Plan*, a citizens' Task Force developed the *San José 2020 General Plan* which significantly prioritized the notion of compact, efficient infill development within San José's Urban Service Area. To further the desire for

“smart growth,” the *San José 2020 General Plan* established the Greenline/Urban Growth Boundary (UGB), which was later ratified by the voters in 2000. The boundary included North and Mid-Coyote Valley inside the UGB, while the South Coyote Valley Greenbelt was located outside of the Greenline. A decision was also made with the adoption of the *2020 General Plan* to continue to preserve the Coyote Valley Urban Reserve and establish revised prerequisite conditions for potential future development.

The *2020 General Plan* recognized that Coyote Valley is relatively isolated from the rest of the City and that any future development of the Urban Reserve with residential land uses would need to be in the form of an independent community with jobs, housing, commercial facilities, schools, parks, and other residential serving facilities and infrastructure. The *2020 General Plan* stated that future development of the Urban Reserve would only be considered following completion of a planning process involving a community task force to develop a detailed specific plan to guide development of North and Mid-Coyote Valley, including the preservation of South Coyote Valley as a permanent greenbelt. Prerequisite conditions were established before a Planned Community designation for the North and Mid-Coyote Valley could be established to ensure that jobs preceded housing development in the Urban Reserve, and that the community would have the financial resources to support quality public services for residents.

2000s: Coyote Valley Specific Plan Process, Coyote Valley Research Park

San José experienced strong industrial and commercial growth during the “Dot-com” boom of the late 1990s, when access to the internet expanded and computing took on a more significant part of people’s daily lives. The economy in Silicon Valley was in a period of expansion, and interest in developing in North Coyote Valley was re-energized. In 2000 the City Council approved a Planned Development Rezoning (PDC99-053) of over 500 acres on both sides of Santa Teresa Boulevard, north of Bailey Avenue, for the Coyote Valley Research Park (CVRP), where Cisco intended to build 6.6 million square feet of campus industrial uses. This superseded the former planned development zoning (PDC83-075). However, the project was never constructed, due in part to the economic slowdown in the early 2000s when the “Dot-com” bubble began to deflate.

During the same time period, Calpine Corporation submitted a rezoning and development permit application (PDC99-071/PD00-071) to construct an approximately 120,000 square foot power plant in North Coyote Valley west of Monterey Road, immediately north of Blanchard Road. The City Council denied the proposed power plant based on inconsistencies with the General Plan and other land use policies, as well as environmental concerns and public opposition. However, California was experiencing an energy crisis at the time, and the California Energy Commission ultimately approved the proposed project, allowing construction of the Metcalf Energy Center power plant, which began operation in 2005.

While development of the Coyote Valley Urban Reserve was originally beyond the scope of the *San José 2020 General Plan*, the General Plan provided a vision and broad parameters, which provided the basis for the form and nature of future planning efforts in the area. In 2001, as Silicon Valley faced a downturn in the economy, accompanied by reduced development

pressure, the City Council considered revisions to the General Plan to allow earlier planning in Coyote Valley. The concept was that when development triggers were met in the future, the City would be prepared to move forward with a Specific Plan in place to guide development of a new Coyote Valley community.

In November 2001, the City Council adopted a text amendment to the General Plan (GP01-033), which allowed the preparation of a Specific Plan for Coyote Valley. City Council subsequently initiated the Coyote Valley Specific Plan (CVSP) process in August 2002, with the intent to develop a plan to guide the future development of 50,000 jobs and 25,000 housing units in North and Mid-Coyote Valley, and preserve South Coyote Valley in a perpetual non-urban state. A 20-member community Task Force was appointed to guide the preparation of a comprehensive and practical plan for the future of Coyote Valley, which met monthly over a five year period. The Specific Plan process included vigorous debate over the potential fiscal and environmental costs and benefits associated with allowing development within North and Mid-Coyote Valley. Outreach for the plan was unprecedented for any previous planning effort in San José at that time. In addition to the Task Force meetings, the outreach plan included a Technical Advisory Committee, community meetings, property owner meetings, focus groups, and Environmental Impact Report (EIR) Scoping meetings.

In March 2007, a Draft EIR for the CVSP was circulated for public review. Not unexpectedly, many issues were raised in the comments received, and for this and legal defensibility, the Director of Planning decided to revise and recirculate the DEIR. The revisions to the DEIR and refinements to the land use plan ultimately caused unforeseen lengthening of the project timeline and increases in cost. At the same time, the housing market began to weaken in the lead-up to the Great Recession. Given the decline in the housing market, the lax economy, and the additional time and cost involved in the project, the Coyote Housing Group (the financiers of the project) decided to terminate its funding agreement with the City for development of the Plan. Consequently, the CVSP process was concluded in 2008 when the City Council accepted the work of the Coyote Valley Specific Plan Task Force in the form of a vision document, and referred further consideration of possible development within Coyote Valley to the *Envision San José 2040 General Plan* update, underway at that time.

2010's: Envision 2040 General Plan, North Coyote Employment Land Growth Area

The *Envision San José 2040 General Plan*, adopted by City Council in November 2011, reaffirmed the long-term goal of developing North Coyote Valley with campus industrial land uses by designating it as an Employment Lands Growth Area. However, consistent with stated goals of the Envision Task Force and community members, the development “triggers” and all residential capacity were removed from the Mid-Coyote Valley, and therefore the *Envision 2040 General Plan* does not support growth or development in the Urban Reserve through the year 2040. The South Coyote Valley Greenbelt is intended to remain as a permanent non-urban buffer between the City of San José and Morgan Hill. Policies guiding development of Coyote Valley in the *Envision San José 2040 General Plan* are discussed in greater detail below.

History of Infrastructure Improvements in North Coyote Valley

To support planned industrial development, an estimated \$116 million in infrastructure investment has been made in North Coyote Valley since the 1980's, includes road works, flood control improvements and utilities. Approximately 60% of this total (\$70 million) was publicly funded, and 40% (\$46 million) was funded by land owners through an assessment district, community facility districts and landowner provided improvements. These infrastructure investments include:

- Initial street upgrades to Santa Teresa and Bailey Avenue
- 101/Bailey Interchange
- Bailey grade separation over the railroad and Monterey Highway
- San José Municipal Water System (wells, pumps, pipes, tank, roads)
- Initial North Coyote Valley flood improvements (these improvements were not accepted by the Santa Clara Valley Water District)
- Recycled water service to Metcalf Energy Center
- Sanitary sewer upgrades within Bailey and Santa Teresa

Community Facility Districts (CFD) have been used as funding sources for some of the above improvements. CFDs are established by a city in order to finance capital improvements or specified municipal services within the CFD through the imposition of a special tax on the properties within the district. If fewer than 12 registered voters reside within the boundaries of a CFD, the proposed special tax may be approved by the property owners within the CFD by a two-thirds margin weighted by property ownership. Three CFDs have been established to facilitate development in North Coyote Valley to fund public improvements and provide maintenance and operation services.

1. CFD No. 9 (Bailey/Highway 101):

During the 1980's, three property owners in the North Coyote Valley petitioned the City to form an assessment district in order to fund public infrastructure improvements. The City established the assessment district, known as Improvement District 89-205SJ (Bailey-Santa Teresa Phase I) and in December 1989, issued \$13,800,000 in bonds secured by Improvement District 89-205SJ assessments. The assessment bonds financed the cost of Municipal Water improvements and the construction of Bailey Avenue and Santa Teresa Boulevard. At the time that the assessment district bonds were issued, it was contemplated that an additional series of bonds would be issued to finance the cost of Phase II improvements, including additional Municipal Water improvements and widening of Bailey Avenue and Santa Teresa Boulevard and the land acquisition required for these improvements. The Phase II assessment bonds were not issued.

In December 2002, the City established Community Facilities District No. 9 (Bailey/Highway 101) in response to the petition of the sole property owner within CFD No. 9's boundaries and in February 2003 issued bonds secured by the special tax imposed on the parcels within CFD No. 9 and have a final maturity in 2032. The CFD No. 9

bonds were issued in the amount of \$13,560,000 to refund the Improvement District 89-205SJ bonds issued in 1989 and to provide a portion of the funding in the amount of \$2,035,600 towards the first phase of the land acquisition and construction of the Phase 1 Bailey Avenue extension project over Monterey Road. The amount of CFD No. 9 bonds currently outstanding is approximately \$9 million.

Because the sources of funding for the Phase 1 Bailey Avenue extension project were insufficient, the City agreed to advance of approximately \$5.9 million. This advance came from transportation funding sources and is subject to interest earnings at the rate of interest on the CFD No. 9 bonds which is 6.4%. The amount now stands at approximately \$12.6 million and is to be repaid upon the issuance of the first building permit issued for development within CFD No. 9

2. CFD No. 5A (North Coyote Valley Facilities):

The City established CFD No. 5A in 2001 to finance the construction of flood control facilities and a new fire station, the cost of which was established in 2001 for land and improvements at just over \$51 million. No bonds were issued for CFD No. 5. Instead it was contemplated that one of the property owners within the district would build these improvements and then the other property owners within CFD No. 5 would pay the special tax for their respective share of the costs of the public improvements at the time they developed which in turn would be paid to the property owner that had constructed the improvements. The fire station was not constructed. Some flood control facilities were constructed; however, these improvements were not accepted by the Santa Clara Valley Water District. No special taxes have been collected as development has not occurred and the planned development permits issued to property owners within CFD No. 5 have expired.

3. CFD No. 5B (North Coyote Valley Services):

Concurrently with the establishment of CFD No. 5A, the City established CFD No. 5B to impose a special tax landscape maintenance, litter, operation and maintenance of bridge lighting, trail maintenance and maintenance of special pavement treatment within the CFD boundary. The boundaries of CFD No. 5A and 5B are the same.

The district was expected to collect approximately \$1.3 Million annually in 2001 dollars. The amount of the special tax was anticipated to increase as costs increased for the services provided. No special taxes have been collected as development has not occurred and the planned development permits issued to property owners within CFD No 5 have expired

Existing Land Uses

North Coyote Valley Employment Lands Growth Area

Besides the limited urban development described below, agriculture (oats, wheat, and other grains) is the primary existing use in North Coyote Valley. Existing urban development includes:

- IBM Silicon Valley Lab, which is the primary non-agricultural use in the North Coyote Valley area, was developed in the early 1970's. The IBM site is located on the north side of Bailey Avenue, west of Santa Teresa Boulevard. The 600,000 square foot research and development facility is situated on a 1,180-acre site.
- The Metcalf Energy Center (MEC), completed in June 2005, is an electricity-generating power plant operated by San José-based Calpine Corporation.
- The South Bay Regional Public Safety Training Consortium (The Academy) operates a public safety training facility on Gavilan Community College's 55-acre site located on the south side of Bailey Road, west of the IBM Silicon Valley Lab.
- An AT&T telephone switching station on the north side of Bailey Avenue, west of Santa Teresa Boulevard was constructed in anticipation of the development of the Coyote Valley Research Park.

Mid-Coyote Valley Urban Reserve

The predominant land use in the Mid-Coyote Valley is agricultural production, including nursery crops, alfalfa, vegetables, cherries, and grains. Other uses in Mid-Coyote Valley include:

- With the exception of two residential estate subdivisions, limited development has occurred west of Monterey Road and the rail lines, and parcels remain fairly large (10 acres plus).
- The Coyote Valley RV Resort, which includes 127 RV spaces, is located on the east side of Monterey Road, approximately 500 feet north of Coyote Creek Golf Drive.
- The historic village center known as the Hamlet, and several historic structures are located on the east side of Monterey Road, south of Coyote Ranch Road.
- A potential historic district, located across Monterey Road from the Hamlet, is the Coyote Depot Complex which includes the original train depot, bunkhouse, pump house, and water tower (all circa 1869), as well as the Braslan Seed Company Warehouse (circa 1902).
- Other non-residential uses along Monterey Road in the vicinity of the Hamlet and Coyote Depot Complex include bait and tackle shops, a US post office, nightclub bar, tattoo parlor, and several light industrial businesses.
- Morgan Hill Unified School District Charter School is located on the east side of Monterey Road just south of Bailey Avenue.
- Other non-residential uses include cell towers and agriculture related enterprises.

- The two residential estate subdivisions in the Urban Reserve are located east of Monterey Road on Dougherty Avenue north of Laguna Avenue (approximately 8 homes), and in the area around the intersection of Lantz Drive and Scheller Avenue (approximately 40 homes).

South Coyote Valley Greenbelt

- Although located outside the Urban Growth Boundary, the South Coyote Greenbelt is the most highly developed and parcelized portion of Coyote Valley where parcels of twenty or more acres adjoin rural subdivisions of less than two-acre parcels.
- While the County's General Plan establishes a 20-acre minimum lot size for subdivision within the agricultural zoning areas, much of the rural ranchette development in the Coyote Valley Greenbelt occurred on smaller pre-existing lots that were created prior to existing zoning regulations.
- Homes range from large new estates to tenant occupied older buildings.
- There are no City supplied urban services, and water is supplied by private well and septic systems.
- Non-residential land uses include a variety of agricultural uses, yard and outdoor industrial manufacturing, including the Grass Farm (a large grass/sod business serving the Bay Area), the Coyote Creek Golf Club, and sports fields for Ann Sobrato High School (Morgan Hill Unified School District).
- The City of San José Parks, Recreation and Neighborhood Services Department owns an approximately 70-acre undeveloped site adjacent to Ann Sobrato High School that was purchased largely with State grant funds.

Planning Approvals

There are three primary Planned Development zoning approvals in North Coyote Valley that would allow land uses including corporate offices, R&D, and manufacturing and light assembly, but not been effectuated. These zonings include the former Cisco project known as the Coyote Valley Research Park, the former Apple Computers site, and Sobrato's site on the south side of Bailey Avenue east of Santa Teresa.

In the context of Planning approvals, zoning establishes the use and development standards of properties and provides the legal and enforceable land use regulations to carry out the policies set forth in the City's General Plan. In some cases, proposals for rezoning involve projects that are complex or that require specific land use controls to ensure compatible development. In these cases, a Planned Development zoning is often utilized. Planned Development zoning districts are separate and unique, and run with the subject property(s) unless they are rezoned for a different use. Approval of a Planned Development Permit is needed to construct a project in a Planned Development zoning district. This is known as effectuating a Planned Development zoning. Unlike Planned Development zonings, Planned Development Permits expire after a specified number of years (typically two years) if construction of the project has not commenced.

Tables 2 and 3 below provide a detailed description of the three Planned Development zonings and other Planning approvals for development that have been approved by the City of San José in North and Mid-Coyote Valley. There are no active Planned Development Permits effectuating the zonings. There is an active Conditional Use Permit in Mid-Coyote Valley (CP15-017) which is listed in Table 3. The locations of the Planning approvals are shown on the map in Attachment B.

Table 2. Existing Planning Approvals – North Coyote Valley

| Planning File Number | Year Approved | Description | Constructed (Yes/No) |
|--------------------------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| PDC74-061/PD74-043 (IBM Silicon Valley Lab) | 1974 | Planned Development Zoning and Planned Development Permit to allow a 600,000 square foot research and development facility on 271 acres and open space on 909 acres. | Yes |
| PDC84-094 (Sobrato) | 1985 | Planned Development Zoning to allow campus industrial uses on 233.8 gross acres (employment density limited to 40 employees per acre) | No |
| PDC84-107 (Apple Computers, Inc.) | 1985 | Planned Development Zoning to allow 1,578,000 square feet of campus industrial uses on 138.6 gross-acres (approximately 4,832 employees), including administrative office, R&D, and light manufacturing, with ancillary warehouse and distribution to the primary uses. Former Apple Computers site. | No |
| PDC99-053 (Coyote Valley Research Park/Cisco) | 2000 | Planned Development Zoning of a 688 gross-acre site to allow 6.6 million SF of campus industrial and research development space. Superseded the former Koll Company/Sobrato/ Tandem Computers Planned Development Zoning (PDC83-075). | No |

Table 3. Existing Planning Approvals – Mid-Coyote Valley

| Planning File Number | Year Approved | Description | Constructed (Yes/No) |
|------------------------------------------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| PDC96-037/PD97-043 (Coyote Creek Golf Club) | 1997 | Planned Development Zoning on a 706 gross acre site for the refurbishing of an existing 18-hole golf course, construction of a new 18-hole golf course, and open space uses. | Yes |
| PDC13-016 (Heritage Oaks Cemetery) | 2014 | Planned Development Zoning to allow cemetery uses on approximately 102 acres and private open space on approximately 173 acres. | No |
| CP15-017 (Coyote Valley Resort & RV Park) | 2017 | Conditional Use Permit and Site Development Permit to allow the expansion of an existing Recreational Vehicle Resort on a 9.92 gross acre site that includes adding 70 RV spaces, 132 vehicle parking stalls, the construction of a 2,500 square foot common facility with showers, laundry, swimming pool and lounge, landscaped and open space areas, and installation of a photovoltaic system on the roof of the building. | No |

Envision San José 2040 General Plan

The *Envision San José 2040 General Plan* was adopted by City Council in November 2011, and establishes clear direction for future growth in Coyote Valley through Major Strategies, goals, and policies. In the General Plan, North Coyote Valley is designated as an Employment Lands Growth Area and is planned for 35,000 new jobs to accommodate long-term growth. Mid-Coyote Valley is designated as an Urban Reserve and is not planned for urban development through the year 2040. The South Coyote Valley Greenbelt is intended to remain as a permanent non-urban buffer between the City of San José and Morgan Hill.

North Coyote Valley is an integral component of the Focused Growth, Regional Employment Center, and Fiscally Strong City Major Strategies, as it serves as the second largest Employment Lands Area in San José.

Major Strategy #3 - Focused Growth

This strategy focuses new growth into areas of San José that will enable the achievement of City goals for economic growth, fiscal sustainability and environmental stewardship, and to support

the development of new, attractive urban neighborhoods. The Plan focuses significant growth, particularly to increase employment capacity in areas surrounding the City's regional Employment Center, to achieve fiscal sustainability, and to maximize the use of transit systems within the region. Because the City is largely built-out within its city limits and the General Plan does not support the conversion of industrial areas to residential use or the urbanization of the Mid-Coyote Valley or South Almaden Valley Urban Reserves or lands outside of San José's Urban Growth Boundary, most new housing development will be achieved through higher-density redevelopment within existing urbanized areas.

Major Strategy #4 - Regional Employment Center

This strategy emphasizes development of employment lands within the City to support San José's growth as center of innovation and regional employment. The *Envision San Jose 2040 General Plan* (as amended in 2016) establishes achievement of a Jobs to Employed Residents (J/ER) Ratio of 1.1 to 1 by the year 2040 as a core objective of the Plan informing its policies and Land Use/Transportation Diagram designations. The Plan recognizes that all existing employment lands add value to the City overall and therefore preserves those employment lands and promotes the addition of new employment lands when opportunities arise. Significant job growth is planned through intensification of each of the City's Employment Land areas, including North Coyote Valley. The General Plan accommodates up to 35,000 jobs in the North Coyote Valley Employment Lands Growth Area, which is 16% of the city's total employment lands.

Major Strategy #8 – Fiscally Strong City

This strategy establishes a land use planning framework that promotes a balance of land uses to strengthen the fiscal health of the City and enable delivery of high-quality municipal services, consistent with community expectations.

San José's employment lands are a significant contributor to the City's fiscal stability, providing substantial net positive revenue for the General Fund to support City services. Industrial lands also contribute uniquely to the region's economy, providing a variety of jobs and opportunities for upward mobility for the San José workforce. Over the last 25 years the City of San José has approved the conversion of a significant amount of land designated in the General Plan for industrial and commercial uses to residential land uses; employment lands have declined to 15% of land uses.

A City's J/ER ratio is a general indicator of the fiscal health of most cities because it reflects at a high level the relative balance of fiscally positive land uses (generally, employment lands) and fiscally negative land uses (generally, non-high density housing and older housing stock). The General Plan set a J/ER ratio goal of 1.1 by 2040, and a near term J/ER ratio goal of 1.0 by 2025. The fact that San Jose's J/ER is low (0.81 as of 2016) is reflective of the relatively high amount of land in the City devoted to residential uses (57%) rather than to employment uses (15%).

Within any given J/ER ratio, there are four implementation factors that contribute the most to a city's positive fiscal health.

1. Maximize retail development of all types to generate sales tax.
2. Maximize development of new office, R&D, and industrial buildings to generate new property tax.
3. Retain and maximize industrial land to increase the potential for point-of-sale, which generates business-to-business sales tax.
4. Maximize share of new residential development that is at fiscally neutral or positive densities (generally, at or above 45 dwelling units per acre.)

North Coyote Valley has been largely planned for industrial/employment growth since the 1960s, and is an important asset for implementation of factors 2 and 3 above as it relates to the City's fiscal health, and implementation of the Focused Growth, Regional Employment Center, and Fiscally Strong City Major Strategies. At over 1,700 acres, North Coyote Valley represents 16 percent of the General Plan's total Employment Land Areas. The General Plan supports significant intensification of employment activity within each of the City's major employment districts, and establishes a goal and associated policies to preserve and protect industrial uses (Goal LU-6 – Industrial Preservation).

While North Coyote Valley is important to implementation of the Focused Growth, Regional Employment Center, and Fiscally Strong City Major Strategies, Coyote Valley also supports the Life Amidst Abundant Natural Resources and Design for a Healthful Community Major Strategies, as well as goals and policies related to scenic resources and the urban natural interface, rural agriculture, and wildlife movement.

Major Strategy #10 – Life Amidst Abundant Natural Resources

This strategy promotes access to the natural environment by reinforcing the Greenline/Urban Growth Boundary as the limit of the City's urbanized area, preserving the surrounding hillsides largely as open space. The Greenline/Urban Growth Boundary defines the ultimate perimeter of urbanization in San José. Besides setting limits to urban development as a growth management and fiscal sustainability strategy, the Greenline/Urban Growth Boundary is intended to develop a clearer identity for San José by defining where urban development ends and by establishing policies to preserve valuable open space resources.

Major Strategy #11 – Design for a Healthful Community

The Design for a Healthful Community Strategy supports the physical health of community members by promoting walking and bicycling as commute and recreational options and encouraging access to healthful foods. To this end, the General Plan supports the development of urban agriculture, and the preservation of the existing agricultural lands adjacent to San José to increase the supply of locally-grown, healthful foods.

The Urban Growth Boundary (UGB), established by a ballot measure in 2000, includes North Coyote Valley and the Mid-Coyote Urban Reserve within the boundary, while South Coyote Greenbelt falls outside of the UGB. The UGB establishes the maximum extent of urban development, while all areas outside of this boundary are intended to remain permanently rural

in character and to contribute to the establishment of a permanent greenbelt along the City's eastern and southern edges.

The General Plan also establishes goals and policies to protect and preserve the remaining farmlands within San José's sphere of influence that are not planned for urbanization in the timeframe of the General Plan, such as mid- and south Coyote Valley to facilitate local food production, and provide broad community access to healthful foods. Additionally, the General Plan recognizes that Coyote Valley serves as a landscape linkage between the Santa Cruz Mountains and the Diablo Range. The General Plan includes goals and policies related to natural communities and wildlife habitat protection that support and provide guidance to balance resource conservation and urban development, so as to maximize the mutual achievement of environmental, economic and social objectives. The goals reflect the City's recognition of the need for multiple jurisdictions to cooperate in the management of natural communities and wildlife habitat.

Other City Plans and Policies Related to Coyote Valley

Transportation Analysis Policy: VMT

The San Jose City Council approved a new Transportation Analysis Policy, Council Policy 5-1, in February of 2018. The new policy brought the City into conformance with State law (Senate Bill 743) and alignment with the major goals and strategies for land use and transportation under the Envision San José 2040 General Plan and Climate Smart San José. It establishes Vehicle Miles Traveled (VMT) as the primary metric for evaluating the transportation impact of new development projects under the California Environmental Quality Act (CEQA). Policy 5-1 applies to new development projects – it does not apply to projects with current/complete approval prior to the policy's effective date of March 29, 2018. The policy also provides that if a project approved prior to the effective date requires subsequent discretionary approvals – but does not propose substantial changes – the City may determine that it can continue to be analyzed under the prior environmental clearance and Transportation Impact Policy (Policy 5-3), as detailed in Policy 5-1.

VMT measures the amount and distance people drive by vehicle. The use of VMT for transportation analysis allows the City to measure and mitigate the amount that people typically travel by vehicle, facilitating low-VMT development and projects and focusing mitigations on pedestrian, bicycle, and transit facilities, as well as transportation demand management.

As described elsewhere in this memorandum, Coyote Valley lies at the southern end of San Jose, is relatively isolated from the rest of the City and Bay Area, and lacks significant non-automobile transportation options. As such, the average amount and distance people are estimated to drive – or VMT – is relatively high. Calculating expected VMT for a specific development site must take many details of that project into account, and therefore cannot be done speculatively; however, the City can estimate average VMT for parts of the City by employing its travel

demand model – a tool that estimates the average distance that people will travel based on where they live, work, shop, and more.

If that development occurs consistent with the current 2040 General Plan, that model estimates that, after fully employing potential mitigation measures, under current conditions the average VMT for employment in North and Mid-Coyote Valley would be significantly higher than San Jose’s adopted thresholds, as shown in Table 4 below. Per Policy 5-1, development that is unable to fully mitigate its VMT impact must prepare an EIR as further described in the “Entitlement Process” sections below. As part of the EIR process, the development would also be required to invest in VMT-reducing transportation improvements; for employment in North and Mid-Coyote Valley, that required investment is estimated at roughly \$23,600 per commercial and \$16,730 per industrial job.

Table 4. North and Mid-Coyote Valley Average VMT and Estimated Cost to Offset per Policy 5-1

| | Per Commercial Job | Per Industrial Job |
|-----------------------------------|---------------------------|---------------------------|
| Average VMT before Mitigation | 24.5 | 24.5 |
| Average VMT after Mitigation* | 19.6 | 19.6 |
| CEQA Threshold | 12.22 | 14.37 |
| Est. Average Cost to Offset VMT** | \$23,600 | \$16,730 |

*Maximum reduction in VMT from potential mitigation measures is estimated at 20%.

**Assumes \$3200 per VMT not mitigated

Policy 5-1, and specifically evaluating VMT as part of CEQA analysis, support growth in Urban Villages and other core infill locations like Downtown. However, some employment growth areas like North Coyote have high average VMT. One of the rationales for planning industrial growth in North Coyote and southern San José has been to shorten commutes for residents living in south San José and locations further south.

The City recognizes that land in and around San Jose is limited, particularly for industrial uses. As such, it is important to consider other parts of the City and region where this type of industrial development could be accommodated and the relative VMT of those locations. Industrial needs that move farther into southern Santa Clara County or the East Bay may have higher employee VMT and require longer travel to bring goods and services to markets in San José and the Bay Area.

Climate Smart San José

Climate Smart San José is a plan approved by the City Council in February 2018 that sets out a strategy for reducing carbon emissions in San José even as the city grows to 2050. The plan identifies nine strategies to reduce emissions, including strategies related to more efficient use of water resources and the creation of local jobs.

Strategy 1.2 calls for “embracing our California climate” by developing a lower water-use paradigm and carefully managing water resources. It identifies strategies such as moving to less water-intensive landscaping, using technology to reduce water consumption, promoting household-level systems for harvesting rainwater or recycling water, and developing sustainable water supply and storage. Under this last strategy, the plan identifies a potential City action of “partner[ing] with Santa Clara Valley Water District (SCVWD) and Open Space Authority on their coordinated study to quantify water resource and climate resilience benefits of green infrastructure investments in Coyote Creek watershed lands.”

Strategy 3.1 calls for creating local jobs in San José as a strategy to reduce vehicle miles traveled by residents commuting to jobs outside the city, and thus reduce carbon emissions. The plan notes that “creating local, transit-accessible jobs can reduce the need for commuter car journeys” and estimates that achieving a total of 550,000 jobs located near transit (defined as one half mile from rail and one quarter mile from high-capacity transit) and increasing the percentage of commute journeys by walking or bicycling to 35% (from 3.7% in 2018), San José could reduce carbon emission by 1,281 tons per year.

Santa Clara Valley Habitat Plan

In 2001, the U.S. Fish and Wildlife Service (USFWS) recommended that a regional Habitat Conservation Plan (HCP) for all or most of Santa Clara County be developed as a condition for approval of several development and road construction projects, including the new Bailey Avenue Extension/U.S. 101 interchange and the Coyote Valley Research Park. The purpose of the recommendation was so that local agencies could offset the cumulative and indirect effects of large-scale development and infrastructure projects on federally and state listed and threatened species. In response to this recommendation, the County of Santa Clara, Valley Transit Authority, Santa Clara Valley Water District, and the cities of San José, Gilroy, and Morgan Hill, known as the co-Permittees, entered into a memorandum of understanding (MOU) to develop the Santa Clara Valley Habitat Plan (Habitat Plan). The local agencies worked with the USFWS and the California Department of Fish and Wildlife (CDFW) for over ten years to develop the plan, which was adopted by the co-Permittees in 2013. The Habitat Plan provides streamlined state and federal permitting for public and private projects, while offering a comprehensive way to address impacts of those projects on endangered and threatened species and their habitats.

The Santa Clara Valley Habitat Agency was formed as a Joint Powers Authority consisting of the co-permittees (Local Partners) in 2013 with the adoption of the Habitat Plan, and is responsible for executing the requirements of the Habitat Plan and permits received from the federal government and the state. The most significant role of the Habitat Agency is to acquire

and manage a Reserve System that will serve as mitigation for project impacts and contribute to the recovery of the species covered by the Habitat Plan. The Habitat Agency has two decision-making bodies, a Governing Board, which approves the agency budget and fees, and an Implementation Board.

The Habitat Plan has a 50-year term, and is intended to protect endangered species and natural resources in perpetuity while allowing for future development in Santa Clara County. Specifically, the Plan enables local agencies to allow both public and private projects and activities to occur in endangered species' habitats. In exchange, those projects must incorporate Habitat Plan-prescribed mitigation measures, and pay fees to the Habitat Agency as required to compensate for effects on natural communities and endangered species including land and conservation easement acquisition.

The Habitat Agency is responsible for implementing the Habitat Plan's Conservation Strategy, which provides for the protection and enhancement of natural resources at multiple scales including landscape, natural-community, and species-specific levels. The heart of the conservation strategy is the creation of a Reserve System that will protect an estimated 46,920 acres of land.

The Habitat Plan's objectives for Coyote Valley include future land acquisitions to:

- Enhance the landscape linkage from Coyote Ridge to Coyote Creek, facilitating connections across the Santa Clara Valley; and
- Increase the permeability for species movement across Santa Clara Valley between the Diablo Range and the Santa Cruz Mountains and between Coyote Ridge and Diablo Range to the Santa Cruz Mountains via Coyote Valley, Tulare Hill, or Fisher Creek.

The Habitat Plan Reserve System Map is available on the Habitat Agency's website: <https://scv-habitatagency.org/213/Reserve-System>.

In addition to the payment of fees to the Agency, the Habitat Plan and Habitat Agency policy recognize an alternative where the donation of appropriate land or easements upon land for species conservation to the Agency may be made in lieu of, or partially in lieu of, payment of Agency mitigation fees and that credit towards future fees for the donor's projects may also be provided.

Entitlement Process for New Development under the Approved PD Zonings

Future land uses and development in Coyote Valley are guided by the *Envision San José 2040 General Plan*. As listed above in Table 2, the City of San José has approved Planned Development zonings in North Coyote Valley that would allow land uses including corporate offices, R&D, and manufacturing and light assembly. Development proposed that is consistent with the existing Planned Development zonings would require approval of a Planned

Development Permit, which would be considered for approval at a Planning Director's Hearing, and which is appealable to the Planning Commission or the City Council depending upon the conditions specified in the San José Municipal Code section 20.100.220.

The current General Plan designations were approved in the 2040 General Plan, as explained above, and were evaluated in the Envision 2040 General Plan EIR certified in 2011 (and its Supplemental EIR) on a General Plan programmatic level. The EIRs associated with the specific Planned Development Zonings are almost 20 or more years old. For any new development that is proposed under the existing Planned Development zoning, an initial study would need to be prepared to determine the appropriate environmental review. The initial study would determine whether the project triggers any of the conditions specified in Public Resources Code section 21166 and CEQA Guidelines section 15162-15164 that would require the preparation of a subsequent EIR, supplemental EIR, or amendment to the EIR. Whether additional environmental review is required depends upon factors such as a change in the development proposal from what was evaluated in the EIR, new or significant increases in environmental impacts, changes in circumstances which require revisions to the EIR, new information that was not evaluated or adequately mitigated in the EIR, new state law requirements for CEQA review, and the like. If any significant environmental impacts are identified that could not be fully mitigated, the Council would consider the approval of a statement of overriding considerations specifying its reasons for the override, and would be required to be approved such a resolution prior to consideration of approval of the project itself.

If any supplemental EIR, subsequent EIR, or addendum to the EIR is required, transportation impacts will also be required to be evaluated as part of the overall review under CEQA using the "vehicle miles traveled" (VMT) methodology under recently adopted City Council Policy 5-1 "Transportation Analysis" rather than the former Level of Service (LOS) threshold that was used in the existing EIRs for planned development zonings in Coyote Valley. If development in North Coyote Valley is determined to have significant impacts that cannot be mitigated under City Council Policy 5-1, a development that proposes to effectuate the existing PD zoning would be required to invest in VMT-reducing transportation improvements, allowing the City Council to then consider the adoption of a statement of overriding considerations, including transportation impacts, that would allow the development to be considered for approval by the Council.

Entitlement Process for New Development that Requires a Rezoning

To reiterate, the current General Plan designations were approved in the 2040 General Plan, as explained above, and were evaluated in the Envision 2040 General Plan EIR certified in 2011 (and its Supplemental EIR) on a General Plan programmatic level. The older EIRs associated with the specific Planned Development Zonings may not address the environmental impacts associated with the proposed changes in zoning and the current conditions in a rezoning application, so an initial study would need to be prepared to determine the appropriate environmental review.

Development proposals that are not permitted under a given property's existing zoning district would necessitate a rezoning to a district that is consistent the General Plan land use designation for that site. Rezoning of any property is an action that must be considered by City Council. New development in Coyote Valley that has significant environmental impacts, including transportation (Vehicle Miles Traveled) impacts, requires the preparation of an EIR.

If any significant environmental impacts are identified that could not be fully mitigated, including but not limited to transportation impacts, the Council would consider the approval of a statement of overriding considerations specifying its reasons for the override, and would be required to be approved such a resolution prior to consideration of approval of the project itself. Following any Council adoption of a statement of overriding considerations and EIR, and approval of the proposed rezoning ordinance, a site permit or, for PD Zonings, a PD permit would need to be obtained before a developer could apply for building permits to construct a given development.

Process to Modify the City's 2040 General Plan

The *Envision San Jose 2040 General Plan* establishes processes to access and make updates to the Plan through the Annual Review and Four-Year Review processes.

The current General Plan strategy calls for up to 35,000 jobs in North Coyote Valley. Removing all or a portion of this job capacity would be a major policy shift for the *Envision San Jose 2040 General Plan*. To support decision-making, analyses would need to be conducted to identify the implications such a shift could have on the achievement of the General Plan's economic and fiscal goals.

For example, North Coyote Valley provides significant opportunities for industrial and manufacturing uses, which have unique requirements and play a unique role providing good employment opportunities for workers that do not have a college education. If these uses are no longer allowed in North Coyote, then an assessment would need to be conducted to determine if there is sufficient employment lands elsewhere in the city to accommodate these type of uses, and, if not, then what are the economic, fiscal and equity implications of the loss of these employment lands. An analysis could also be conducted to determine if there is an alternative that could preserve some or all of the existing planned jobs growth in North Coyote Valley while also preserving significant portions of the area as open space and habitat to achieve the environmental and green infrastructure goals for the area.

To consider removing job capacity in North Coyote Valley, yet maintain the General Plan goal of achieving 1.1 jobs per employed resident, analysis would be required to determine how to reallocate the job capacity to other growth areas and identify what kind of job development could be accommodated. Fiscal analysis could project the impact of reducing employment lands below 15% of land area on the City's fiscal goals.

If all jobs capacity were removed from North Coyote Valley, this would raise policy questions for the Mid-Coyote Urban Reserve. While Mid-Coyote is not planned for urban development within the 2040 horizon of the Envision San Jose 2040 General Plan, the General Plan does leave development as a possibility in the future. If North Coyote is preserved as agricultural lands and open space, this raises the question as to whether Mid-Coyote should remain an Urban Reserve in the General Plan or should be re-designated a Greenbelt, similar to South Coyote.

Given that reducing or removing North Coyote Valley as an employment growth area would be a major shift in the General Plan, it would best be addressed during a Four-Year Review Process. This would allow consideration of such a major change in the context of other proposed amendments to the General Plan, would reduce the amount of staff time needed, and provide a vehicle for public and stakeholder outreach. The next Four-Year Review will be initiated in fall 2019 and will include a reconvening of the 35 member stakeholder Taskforce that guided the development of the Envision San Jose 2040 General Plan and the subsequent Four Year Review in 2015 and 2016. Any such revisions will require appropriate review under CEQA and the nature of the review will depend upon the nature of the proposed changes to the General Plan.

Study Session Panel Discussions

Additional information will be provided to the Council through an Environmental Perspective Panel and a Development Perspective Panel that will be conducted as part of the January 22, 2019 study session. A brief summary of the topics that will be covered by each panel is provided below.

Environmental Perspective Panel

The environmental panel will brief the Council about the environmental values and co-benefits that could be protected or enhanced by allocating Measure T bond funds to acquire key lands in the North Coyote Valley. The panel will be comprised of representatives from the Santa Clara Valley Open Space Authority, Santa Clara Valley Water District, ESA Inc., and Peninsula Open Space Trust. Panelists will provide an overview of Coyote Valley's conservation values and their nexus to San Jose's environment, economy and an equitable quality of life. Panelists will discuss how strategic investment of Measure T bond funds in Coyote Valley could support new policies and best practices for climate-smart growth and conservation.

In particular, panelists will discuss how environmental values of Coyote Valley include preserving and restoring natural floodplains to benefit the environment; protecting an essential landscape linkage connecting over one million acres of habitat in the Santa Cruz Mountains and Diablo Range; restoring rare valley bottom riparian areas and wetlands, including the Laguna Seca, to recover rare, threatened and endangered species populations; supporting the local agricultural economy and implementing the Santa Clara Valley Agricultural Plan; and establishing Coyote Valley as a 21st Century greenbelt that connects all residents to nature and agriculture through new recreational trails, agri-tourism amenities and environmental education programs. Panelists will also present preliminary findings of the *Coyote Valley Water Resource*

Investment Strategy, a collaborative effort between the Open Space Authority and the Water District to study green infrastructure projects in Coyote Valley (a more detailed discussion of this effort is provided in the following section.)

Panelists will also be prepared to respond to questions about how conservation transactions could work with the City, landowners and conservation organizations; and what opportunities exist to leverage Measure T funds with other public and private funding sources for land protection and environmental restoration.

Additionally, Louise Bedsworth, Executive Director of the California Strategic Growth Council (sgc.ca.gov) will address the Council on the state's support for natural areas like Coyote Valley as climate-smart infrastructure.

The Open Space Authority maintains an online collection of resources related to Coyote Valley, including the reports *Coyote Valley: A Case for Conservation*, *Coyote Valley Landscape Linkage*, *Nature as Infrastructure for Climate Resilience: Protecting Coyote Valley*, and the *Santa Clara Valley Agricultural Plan*. These reports can be accessed at the following address: <https://www.openspaceauthority.org/conservation/conservation-priorities/coyote-valley.html#Resources>

Coyote Valley Water Resource Investment Strategy

The Santa Clara Valley Water District and the Santa Clara Valley Open Space Authority have initiated work on the development of a collaborative and scientifically-based assessment of large-scale green infrastructure project opportunities in the Coyote Valley. This project, known as the *Coyote Valley Water Resource Investment Strategy* (Strategy) focuses on the Fisher Creek watershed and will analyze and quantify the benefits of natural/green infrastructure investments within the Coyote Valley, specifically looking at how to better leverage open space areas to detain stormwater for downstream flood protection; improve water quality in Coyote Creek and Fisher Creek; provide for aquifer recharge; and restore historic wetlands, riparian areas, and uplands to increase ecological resiliency. Restoration work in these areas could also provide a suite of potential co-benefits, such as habitat connectivity, restoration of wetlands/springs, carbon sequestration, recreation opportunities, and increased agricultural viability.

The Strategy will identify large-scale green infrastructure projects that can enhance landscape resiliency and benefit surrounding communities, including potential funding sources, partnership opportunities, a phased implementation plan and other implementation measures. SCVWD plans to include this work in its Coyote Creek Watershed One Water Master Plan as a case study on how watershed conservation in Coyote Valley helps achieve its integrated water resource management objectives.

The Strategy also aligns with the environmental leadership goals of protection, preservation, and restoration of riparian resources which in effect also offers habitat for several species, and is a key goal of the Santa Clara Valley Habitat Plan (SCVHP). Identification of potential green

infrastructure could enhance the City's commitment to responsible stormwater management through multi-agency partnerships.

The Strategy includes a number of phases. The recent focus has been on hydrologic and hydraulic analysis to develop a state-of-the-art floodplain model, and to identify the range of flood protection benefits that may result from potential floodplain restoration activities. The results of this hydrologic analysis will be published in an administrative draft in early 2019. Additional analysis around water quality, opportunities for additional groundwater recharge/protection, carbon sequestration and other topics will occur during future phases of the Strategy and may include additional partners besides SCVWD and the Open Space Authority.

Staff from the Open Space Authority, as well as Dr. Andy Collison from ESA, will be available at the Study Session to present preliminary findings from this strategy and City staff will also be available to provide the City Council with their feedback on these findings.

Development Perspective Panel

The Development Perspective Panel will provide information from real estate professionals and developers, and initial, high-level information about the potential economic effects of reducing industrial job capacity planned for North Coyote, per the direction provided by Council on September 11, 2018.

The panel will start with brief remarks by Chris Burton, Deputy Director of OED, about the role of industrial lands in the San Jose economy and employment structure, in the near-term and into the future. Chris will also discuss where else in San Jose new industrial space could be built.

Greg Matter, Managing Director of Jones Lang LaSalle, is an expert on industrial uses like advanced manufacturing and e-commerce. He will describe the current and projected market interest in industrial land and job development. Kate Sofis, CEO of SFMade and Manufacture: San José, has experience running nonprofits that seek to support and strengthen the local manufacturing sector. She will speak to the role of industrial employment in a balanced economy and her experience working with industrial users. Todd Berryhill is Bay Area Manager for Scannell Corporation, and has expressed interest in developing lands in North Coyote Valley. Todd will provide examples of the kind of industrial development projects that are seeking locations in the Bay Area and could be viable in North Coyote Valley. Following each panelist's brief remarks, all will be available for Council questioning.

PUBLIC OUTREACH

In preparing for the study session, staff met with staff from the Santa Clara Valley Open Space Authority and the Santa Clara Valley Water District, as well as representatives of some Coyote Valley property owners. This memo will be posted on the City's Council Agenda website for the January 22, 2019 City Council Study Session.

COORDINATION

This memo was coordinated with the Environmental Services Department, the Department of Transportation and the City Attorney's Office.

NEXT STEPS

This study session will conclude with a discussion of Council Perspective and Next Steps. Council will have the opportunity to provide feedback and to identify additional information, perspective, or discussion topics that may be important for considering how to proceed on this matter.

/s/
KIM WALES
Deputy City Manager
Director of Economic
Development

/s/
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/s/
MATT CANO
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For additional information, please contact Michael Brilliot, Deputy Director, Citywide Planning, at (408) 535-7831.

Attachments:

- A) Coyote Valley Planning Areas Map
- B) Coyote Valley Entitlements Map



