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### Study Session on Google Downtown West Proposed District Systems Program.

#### PURPOSE OF STUDY SESSION

To provide an update on issues and topics identified and associated with a district system as proposed by Google for its Downtown West project.

#### OUTCOME OF STUDY SESSION

The Mayor and Councilmembers will understand opportunities and issues associated with the proposed district systems plan and recommended conditions of approval.

#### BACKGROUND

On December 4, 2018, City Council approved a Memorandum of Understanding (MOU) with Google to guide collaboration on a mixed-use development project moving forward. The MOU outlined guiding principles and shared goals for a mixed-use, transit-oriented development to be proposed by Google. One of the areas of shared interest was sustainability and the opportunities for Google and the City to collaborate on an array of infrastructure including District Systems and the shared use of resources, that could be innovative and exemplary for future development opportunities in the City.

In addition to infrastructure generally required of all projects in San Jose and specific projects identified in the Diridon Infrastructure Plan, Google proposes inclusion of certain infrastructure to solely support its Downtown West development. To meet the obligations of AB900, the project must significantly reduce greenhouse gas (GHG) emissions and other critical environmental concerns. By containing and controlling the input and output of resources, Google believes its project not only fulfills its commitment under AB900, but also provides a new development model for sustainability and resilience.

Included in Google’s proposal for private district systems are:

- Utility corridors (“utilidors”) for privately owned district systems, including crossing within the public rights of way

- Electrical distribution system
- Wastewater collection and treatment and recycled water distribution systems
- District heating and cooling systems

As part of its CEQA analysis and initial project proposal, Google also considered an Automated Waste Collection System and the potential for transporting goods and services through the utilidor system. At this time, these are not part of the project under consideration, though they may elect to return to the City and City Council with proposals in the future.

The City currently offers and oversees a variety of utility services, including wastewater treatment at the San José-Santa Clara Regional Wastewater Facility (“RWF”), which has existing capacity to accommodate wastewater treatment for this development; recycled water infrastructure, which could be extended to serve this development; and solid waste services (resulting in a 69% overall waste diversion rate) including recycling collection and back-end processing of all residential garbage to extract organics for compost and collection and processing of commercial garbage, recycling, and organics, in which the organics are anaerobically digested.

Typically, developers construct infrastructure to connect their project to the broader network of City or other utility systems. For example, a developer will construct sewer pipes, including upgrades required for capacity or deficiencies in the City’s system, and connect them to the City network that flows to the RWF. Electricity is provided to the City and developers through the PG&E transmission and distribution system. A developer may be required to underground overhead lines within the development area, but the connections of the buildings is to the existing utility, PG&E.

A major component of the Development is a proposed “District Systems” approach is to more efficiently handle at least some of the utility needs of the development. Where feasible, utilities such as electricity, thermal (heating and cooling), wastewater, recycled water, and solid waste flows would be delivered through district-wide infrastructure, rather than individual and building-specific systems.

Through the development of district systems, the project will secure increased environmental performance, increased resilience, higher efficiency, and lower operating costs. One of the primary systems is the microgrid, providing a more resilient microgrid for electric distribution than currently is possible through PG&E. District Systems create a holistic ecological system that makes the 80 acres more self-sufficient.

Google’s Downtown West project proposal includes three primary documents affecting infrastructure: the Downtown West Design Standards and Guidelines (DWDSG), Downtown West Improvement Standards (DWIS) and the Downtown West Infrastructure Plan. The DWDSG establishes objectives, standards, and guidelines for the buildout of the project to ensure well-designed urban spaces and buildings, as well as connections to the necessary infrastructure systems. The DWIS includes specific standards to provide for deviation from and changes to the City’s 1992 Standard Specifications and Standard Details which the City will use to review proposed horizontal improvements in the public realm through the subsequent conformance review processes. The DWIS also provides standards and performance guidance for unique elements of the Downtown West project such as utilidors.

The Infrastructure Plan lays out and describes the private systems envisioned by Google to connect buildings within its project area, as well as the public systems (such as streets and above ground systems) that tie directly into the City networks. This document provides the concepts and plans for the District Systems. Within the 80 acres planned for development of Downtown West, Google proposes the construction and use of a central utility plant that distributes electricity and heating and cooling to the Google properties, while collecting and

handling sewage from the Google properties. The distributed systems would be interconnected among the central utility plant and the Google properties via a distribution network largely contained within the basement of the Google properties, at specific points there will be crossings in an underground structure called a utilidor, which is further described below.

Google anticipates construction costs of infrastructure that tie to the City systems at nearly \$1 billion. The cost to construct the components of its proposed District Systems is not completely identified at this time but is anticipated to be well in excess of the \$1 billion of infrastructure required of the project. The cost of ongoing maintenance and operation of the district utility system is borne by Google and/or future entities owning and operating the properties and buildings within the district.