



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Hans F. Larsen
Harry Freitas
Kim Walesh

SUBJECT: DIRIDON STATION AREA PLAN

DATE: May 15, 2014

Approved

Date

5/16/14

COUNCIL DISTRICT: 3 & 6

RECOMMENDATION

- A. Certify the Environmental Impact Report for the Diridon Station Area Plan, and adopt a resolution making certain findings concerning significant environmental impacts, mitigation measures and alternatives, adopting a mitigation monitoring and reporting program, and adopting a statement of overriding considerations, all in accordance with the California Environmental Quality Act (CEQA).
- B. Approve the Diridon Station Area Plan, Implementation Strategy Report and Art Master Plan to provide a framework for transforming the Diridon Station area into a regional transportation hub and a regional employment and entertainment destination.
- C. Adopt a resolution to approve the addition of The Alameda/Naglee Avenue, Park Avenue/Naglee Avenue, and Lincoln Avenue/San Carlos Street intersections to the protected intersection list pursuant to the provisions of the City's Transportation Impact Policy (City Policy 5-3).
- D. Adopt a resolution approving text amendments to the Envision San Jose 2040 General Plan to incorporate the Diridon Station Area Plan into the General Plan and designate it as an Urban Village, and to make the following General Plan Land Use/Transportation Diagram changes:
 - i) General Plan Amendment to change the Land Use/Transportation Diagram land use designation on a 6.06 gross acre site generally bounded by West Julian Street to the north, Stockton Avenue to the east, The Alameda to the south, and to the west approximately 180 feet from Rhodes Court, from Mixed Use Commercial to Urban Village.
 - ii) General Plan Amendment to change the Land Use/Transportation Diagram land use designation on a 6.5 gross acre site generally located on both side of West San Carlos Street between Bird and Delmas Avenues, from Neighborhood/Community Commercial to Downtown.

- iii) General Plan Amendment to change the Land Use/Transportation Diagram land use designation on a 0.36 gross acre site generally at the northeast corner of Park and Gifford Avenues, from Neighborhood/Community Commercial to Downtown.
 - iv) General Plan Amendment to change the Land Use/Transportation Diagram land use designation on a 0.14 gross acre site generally located on the east side of Josefa Street at the terminus of Columbia Avenue, approximately 200 feet south of West San Carlos Street, from Residential Neighborhood to Downtown.
 - v) General Plan Amendment to change the Land Use/Transportation Diagram land use designation on a 0.14 gross acre site generally located on the west side of Gifford Avenue, approximately 90 feet south of West San Carlos Street, from Residential Neighborhood to Downtown.
 - vi) General Plan Amendment to change the Land Use/Transportation Diagram land use designation on a 0.38 gross acre site generally located at the northwest corner of Auzerais and Delmas Avenues, from Neighborhood/Community Commercial on 0.13 acres and Residential Neighborhood on 0.25 acres to Downtown.
- E. Accept the Diridon Station Area Plan 10–Year Horizon Analysis as a guide to assess the parking needs of near term development in the Central Zone of the Plan area, to identify opportunities for shared parking, and to ensure that the parking provisions in the City of San Jose and San Jose Arena Management agreement continue to be met.

OUTCOME

Approval of the Diridon Station Area Plan (DSAP) will establish the long term goals for the area. More specifically, approval of the DSAP and supporting documents, establishes an area land use plan, urban design guidelines, a framework for station expansion, transportation and parking strategies, housing strategies, and an art master plan. Certification of the Environmental Impact Report (EIR) provides clearance for maximum development capacities for office/light industrial, retail, hotel, and residential uses, saving prospective developers significant time and cost compared to obtaining environmental clearance on a project by project basis.

Approval the DSAP and certification of the EIR fulfill the requirements and June 2014 deadline of the Metropolitan Transportation Commission grant that funded Diridon Station Area planning.

BACKGROUND

Recognizing the unique opportunity to develop a prominent transportation center and high quality destination, the Metropolitan Transportation Commission awarded the City a \$750,000 grant to develop the Diridon Station Area Plan. From 2009 through 2011, the City engaged many stakeholders, businesses, residents, and governmental agencies in a planning process to develop a vision and general direction for the area that was refined into three alternatives, and

ultimately the Preferred Alternative. During this period of time, the City Council formed the Diridon Good Neighbor Committee as a formal mechanism to coordinate the input of the stakeholders, businesses, residents, and governmental agencies.

In 2011, the City Council accepted the draft Diridon Station Area Preferred Plan Alternative to set the maximum development capacity and the project description for the preparation of the Environmental Impact Report. As part of that action, the City Council directed that the plan take a balanced approach in specific areas, including:

- Development of a multi-modal transportation system with convenient access for all users, including a plan to improve connectivity between the station and adjacent land uses in the Downtown and surrounding neighborhoods.
- Development of a long range parking strategy to share use and reduce parking requirements as transportation alternatives develop in accordance with the Envision 2040 General Plan, while providing a nearer term phasing analysis for transportation and parking that takes into account potential development, and the associated parking needs.
- Maintain a collaborative approach with San Jose Arena Management (SJAM) towards ensuring that the DSAP strengthens and does not impair the viability of the SAP Center. Staff has coordinated all aspects of the final Plan, especially the traffic impact analysis and parking analysis for both the 30 year build out and 10-Year Horizon scenario.

In December 2013, the final draft Diridon Station Area Plan and draft Program Environmental Impact Report were released for a 60 day public comment period. In January 2014, the 10-Year Horizon Analysis was also released for public review and comment. In April 2014, staff completed its review of comments received and published responses to those comments in the First Amendment to the Draft Program Environmental Impact Report, in addition to making updates to the DSAP and the 10-Year Horizon Analysis based upon comments received.

ANALYSIS

The Staff Report to the Planning Commission provides a comprehensive overview of the Diridon Station Area planning process, the Implementation Strategy Report, the Diridon Area Art Master Plan, the 10-Year Horizon Analysis, and the Program Environmental Impact Report. All of these documents were posted on the City's website under Item 10.2 on May 9, 2014.

Diridon Station Area Plan

The Diridon Station Area Plan includes an area land use plan, urban design guidelines, open space and plaza concepts, a framework for station expansion, multi-modal access and circulation strategies, transportation demand management and improvement strategies, parking analyses, infrastructure needs, affordable housing goals, and an art master plan.

Land Use Plan

The Diridon Station Area Plan includes three distinct zones: Northern, Central, and Southern. The Plan proposes the same land use designation categories as the Envision San Jose 2040 General Plan and does not create its own unique designations. The development potential proposed for the recommended Preferred Land Use Plan is summarized in the table below:

Proposed Maximum Development Potential by Zone				
Zone	Commercial Industrial (S.F.)	Retail and/or Restaurant (S.F.)	Residential Units	Hotel Rooms
Northern	3,000,000	80,000	223	0
Central	1,150,000	140,000	0	250
Southern	800,000	200,000	2365	650
TOTALS	4,950,000	420,000	2,588	900

The full build out of the DSAP assumes the completion of multiple projects approved or planned for in the Area, including a potential Baseball Stadium, the BART extension, the Santa Clara Alum Rock Bus Rapid Transit system, the electrification and enhancement of Caltrain, and ultimately the California High Speed Rail project.

The proposed actions do not include zoning code or parking code changes. It is anticipated that when projects are developed that the applicants would bring forth the appropriate zoning code changes in advance or concurrently with the proposed project. In addition, given that parking code requirements stem from the zoning code, staff also is not recommending any adjustments to the parking code requirements at this time. Staff suggests that adjustments should be considered in the future when actual projects are being contemplated, or when transit systems are enhanced and further shifts in actual alternative transportation use occur.

Environmental Impact Report (EIR)

A certified EIR would provide program level environmental clearance for the area, enabling adoption of the Land Use Plan, Urban Design Guidelines, the Station Expansion Plan concept, and approval of specific amendments to Envision 2040 land use designations.

Equally as significant, a certified EIR also provides project level environmental clearance for impacts such as traffic, certain air quality items, and traffic noise impacts. This level of environmental clearance offers significant benefits to prospective developers in the plan area by eliminating the time and cost associated with a detailed project by project Traffic Impact Analysis. Other project level impacts (e.g. biological or geological) would still require project

level environmental study and clearance because the details of the individual projects must be known to determine these types of precise environmental impacts.

10-Year Horizon Analysis

The purpose of the 10-Year Horizon Analysis was to develop a phasing scenario that assessed traffic and parking impacts, and developed strategies to ensure that near term development could occur in a way that did not impair the viability of the Arena. The 10-Year Horizon Analysis concluded that a significant near term development scenario could be accommodated from a traffic and parking perspective. However, in advance of increased transit service at the Diridon Station (e.g. BRT, BART), a reduction in parking ratios for private development below the ratios applied for Downtown land uses, should not occur at this time.

Staff recommends that City Council accept the Diridon Station Area Plan 10-Year Horizon Analysis as a guide to assess the parking needs of near term development in the Central Zone of the Plan area, to identify opportunities for shared parking, and to ensure that the parking provisions in the City of San Jose – San Jose Arena Management agreement continue to be met.

Protected Intersections

The intersections of The Alameda/Naglee Avenue, Park Avenue/Naglee Avenue, and Lincoln Avenue/San Carlos Street would operate at unacceptable level of service (LOS) with the proposed project. These intersections have been built to their maximum capacity due to right-of-way limitations. There are no feasible improvements that would improve the level of service to LOS D during the PM peak hour at these intersections. These intersections serve as gateways to Downtown and as important transit, bicycle, and pedestrian corridors. Therefore, the project proposed to add these three intersections to the List of Protected Intersections. As a condition of project approval, future projects will be required to implement offsetting improvements to pedestrian, bicycle, and transit facilities in the vicinity of the proposed protected intersections.

IMPLEMENTATION AND NEXT STEPS

With approval of the DSAP, the focus will shift towards implementation and facilitating private development and investment in the area. Building upon the Implementation Strategy Report, which primarily provides general implementation polices and identifies potential capital funding sources, a more focused implementation effort would develop more specific strategies to achieve the successful build-out of the Plan, and include the following:

- Identification of a realistic phasing plan for the development of the Central Zone that reflects: 1) the timing and planned completion of key transportation improvements (e.g. BART) and other major public improvements; and 2) the projected market demand and absorption rates for office, commercial, and entertainment space and the level of interest by potential developers in this core destination location.

- Development of a governance structure between the City, VTA, and Caltrain to facilitate the coordinated redevelopment of the public and adjacent properties within the Central Zone just east of the Station, south of the Arena, and north of a potential ballpark.
- The development of conceptual plans and cost estimates for key pieces of infrastructure and public amenities needed for the successful development of the Central Zone.
- The development of a funding strategy for infrastructure, public amenities, and potential incentives that may be needed to support private development.

Staff is not proposing to modify the zoning codes and associated parking requirements as one of the nearer term implementation steps. As discussed above, work with prospective developers, and further outreach with key stakeholders, including San Jose Arena Management, will be necessary to more accurately assess near term project parking demand and associated supply, before modifications to the parking code would be proposed. The 10-Year Horizon Analysis provides a guide to assess the parking needs of near term private development, and to effectively manage shared parking in the area.

Continued Coordination with San Jose Arena Management

The City and San Jose Arena Management share a common interest in supporting the long-term vitality of the San Jose Arena. The City recognizes that the Arena is a cornerstone for the existing and future success of the Diridon area. Over its 20 year history, the Arena has been one of the most active entertainment venues in the United States. A principal reason for this success is the convenience that customers experience traveling to and from the Arena and, for those that drive, in finding parking in close proximity to the Arena or close by in Downtown.

The City recognizes that high quality pedestrian, bicycle, transit, and vehicle access, and parking will continue to be important in order for the Arena to thrive in the future. To ensure the continued success of the Arena, staff will continue to work closely with Arena Management on planning, development, and access issues in the area. During implementation of the Plan, staff intends to effectively coordinate development projects with San Jose Arena Management to enable meaningful input, especially on the issues of access, circulation, and parking. Specific recommendations that should be considered include:

- **Referral of development proposals in the Central and North Zones in excess of 25,000 square feet to Arena Management.** Referrals will include a cover letter and plan set for the proposed development. Referrals will also include notifications of Initial Studies and EIR's for projects in excess of 25,000 square feet.
- **Require developers of projects in excess of 100,000 square feet in the Central Zone to conduct a parking analysis of the project.** Projects in excess of 100,000 square feet would be required to analyze and identify the projected parking demand, and supply provided by the project, while including relevant transportation demand management

strategies. The analysis would identify the impacts of the project on the existing parking supply within the Diridon area, and suggest ways to mitigate the impact if it is deemed significant, particularly to the Arena and its event operations. The analysis would also include an assessment of spaces impacted or needed during construction.

- **Reinforce the shared parking model throughout the Diridon Plan area.** Building on the current successful shared use parking model in the Diridon Area, new parking facilities should be planned for shared use and be made available evenings and weekends to serve Arena customers, and other visitors to the area.
- **Encourage parking garage designs that accommodate large events.** New large non-residential parking garages proposed within or adjacent to the Diridon Station Area, should be designed to accommodate large event parking.
- **Stakeholders, developers and agencies collaborate on transportation demand management and alternative transportation use.** As development of the area is contemplated, the key stakeholders, developers and agencies should work closely with the City and transit agencies to promote the use of transit, bicycling, and other alternate transportation modes.

POLICY ALTERNATIVES

During the early stages of the planning process, three project alternatives were developed with significant input from the community. Based upon further feedback from the community and evaluation by the consultant team and staff, a preferred alternative was identified. In 2011, based upon staff recommendation, the City Council accepted a preferred alternative to set the maximum development capacity for the area and the project description for the preparation of the Environmental Impact Report. The proposed DSAP and the EIR are consistent with the policy alternative accepted by the City Council in 2011.

PUBLIC OUTREACH/INTEREST

In 2009 through 2011, extensive outreach occurred to engage the residents, businesses, and the development community in the Diridon Station Area planning process. The City Council formed the Diridon Good Neighbor Committee as a way to formally coordinate the input and feedback from many interested stakeholders. The last meeting of the Diridon Good Neighbor Committee occurred on February 10, 2014 during the public comment period for the DSAP and the EIR.

In addition, coordination occurred with the governmental agencies that own, operate, and use (now or planned in the future) the Diridon Station, including the Valley Transportation Authority, Caltrain, and the California High Speed Rail Authority.

As the manager of the San Jose Arena and based upon direction from City Council in 2011, staff engaged in an extensive level of coordination with San Jose Arena Management. The level of

coordination has enabled the development of a balanced DSAP that fully considered the concerns and needs of Arena Management, and minimized conflicts with the effective operation of the Arena.

- Criterion 1:** Requires Council action on the use of public funds equal to \$1,000,000 or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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)**

COORDINATION

The Diridon Station Area Plan, and related documents, has been coordinated with the City Attorney's Office.

COST SUMMARY/IMPLICATIONS

The approval of the DSAP and associated actions have no direct cost implication or expenditure.

CEQA

The environmental impacts of this project were analyzed in the Diridon Station Area Plan draft Program Environmental Impact Report, the certification of which will be considered by the City Council at its May 20, 2014 public hearing.

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