

**REVISED****Memorandum**

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Hans F. Larsen
Harry Freitas
Kim Walesh

SUBJECT: DIRIDON STATION AREA PLAN

DATE: June 6, 2014

Approved

Date

6/6/14

COUNCIL DISTRICT: 3 & 6

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL MEMO

This memo responds to City Council questions and public comments about the Diridon Station Area Plan raised during the General Plan Public Hearing on May 20, 2014; and consolidates Recommendations B and E from the May 15, 2014 staff report into Recommendation B below which also reflects staff's recommendation to revise the parking policies in the Implementation Strategy Report to augment the shared parking provisions, and adds a new Recommendations E.

RECOMMENDATION

Conduct a Public Hearing to consider taking the following actions:

- (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 including revised shared parking policies described in the supplemental staff memo, Art Master Plan, and 10-Year Horizon Analysis to provide a framework for transforming the Diridon Station Area into a regional transportation hub, employment center, and entertainment destination; and more specifically to use the 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.
- (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) Tentative approval of text amendments to the Envision San José 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:
- (1) 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.
 - (2) 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.
 - (3) 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.
 - (4) 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.
 - (5) 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.
 - (6) 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) Approve the recommended actions outlined in the section of this report titled, "Coordination with San Jose Arena Management".

RESPONSE TO COUNCIL QUESTIONS AND PUBLIC COMMENTS

The following information provides responses to the questions and public comments, and where appropriate, clarifications and/or refinements to the Diridon Station Area Plan documents:

Downtown Development Capacity

During the public hearing, a concern was expressed that the Diridon Station Area Plan may be relocating jobs capacity from the traditional Downtown (e.g. east of Highway 87) to the Diridon area, and that this may place a constraint upon potential future commercial development in the traditional Downtown.

The Diridon Station Area Plan does not propose to shift commercial/jobs capacity west of Highway 87, and leaves the distribution of jobs between the Diridon area and the traditional Downtown nearly identical to the distribution in the Envision San Jose 2040 General Plan. The Envision 2040 General Plan has a planned jobs capacity in the traditional Downtown of 25,845, while in the Diridon Plan the traditional Downtown includes capacity for 25,816 jobs.

As part of staff's analysis of Downtown growth capacity conducted as part of the Envision San Jose 2040 General Plan process, it was determined that approximately 25,800 new jobs was an ambitious, yet achievable jobs number for the traditional Downtown. The determination of this job capacity was based on a thorough identification of available development sites, consideration of the FAA height limits due to San Jose Mineta International Airport, as well as consideration of the City's Downtown housing goals.

While the Diridon Station Area Plan does not propose to shift planned jobs capacity, the Plan does propose to modify how the growth is shown in the Growth Table in Appendix 5 of the General Plan by showing the Diridon Station Area Plan portion of Downtown as a subset of the whole Downtown in the table. Presently, the table only shows the total planned growth for the whole Downtown.

Plan Design Guidelines

During the public hearing, a question was raised related to the preferred plan design guidelines and whether they are guidelines or in fact requirements. Staff recommends them as guidelines, which is reflected in the following excerpt from Section 3.1 of the Plan (introduction to the preferred plan design guidelines section):

"The Guidelines are not intended to be rigid or treated as a zoning code, and the Director ... has substantial flexibility in applying these guidelines ... and is expected to exercise flexibility ... to facilitate the development of sites to meet the goals of the City and needs of developers."

A question was also raised about the language on Page 3-2 of the Plan under the Section titled, "INTERPRETATION OF THESE GUIDELINES". The language gave the impression that certain guidelines were to be applied as stated, although alternatives may be considered if they meet or exceed the objective of the guideline. Staff recommends removing the Section titled, "INTERPRETATION OF THESE GUIDELINES" on Page 3-2 of the Plan.

Art Master Plan and Reference to 1% Art Requirement for Private Development

During the public hearing, a question was raised about the financing approach for public art in the Diridon area. Since initiation of the Diridon planning process in 2009, there has been extensive input and a high degree of community and professional support for using public art to make the Diridon Area a memorable, interesting, beautiful and engaging gateway to San Jose and Silicon Valley. By approving the Diridon Station Area Plan and Art Masterplan, the City Council will be approving the vision and framework for public art that is identified in the Art Master Plan. The Council will not be approving or endorsing any of the specific policies for financing public art, including a 1% public art contribution from private development practiced in several other California cities (San Francisco, Los Angeles, San Diego, Palo Alto, Sunnyvale). Specific viable methods for financing public art will be brought forward for Council review and approval as part of future implementation planning, along with financing requirements for affordable housing and other Plan elements.

It should be noted that, since there will be limited City investment eligible for the current 1% requirement on City capital projects, financing mechanisms will need to be pursued for public art throughout the Area. This could include negotiated development agreements for eligible development projects under the City's Development Agreement Ordinance. Staff does not recommend that any public benefits which could be negotiated through the City's development agreement authority be removed from consideration at this time for any potential development in the Diridon Area.

Coordination with San Jose Arena Management

During the public hearing, the Mayor requested that staff continue its efforts to resolve the remaining concerns of San Jose Arena Management with the Diridon Station Area Plan. As Council is aware, an unprecedented level of coordination has occurred with San Jose Arena Management on the Plan, especially the traffic and parking elements. Scores of issues have been resolved during development of the Plan. In an effort to resolve the outstanding concerns, further review has occurred with Arena Management, and additional modifications have been made that effectively address the remaining concerns. It is acknowledged that continued coordination will occur with Arena Management during the implementation phase, with specific emphasis on the areas most recently addressed.

A summary of the items addressed is provided below:

- Staff recommends "approval" of the 10-Year Horizon Analysis rather than "acceptance"
- Staff is recommending the addition of a new parking policy (to be numbered Parking Policy 9) in the Diridon Station Area Plan's Implementation Strategy Report to provide that the City will include shared parking as a condition of development for non-residential development that would result in the loss of substantial existing public parking, if necessary to mitigate the loss of parking. The shared parking condition would

require that the development's parking facilities be available for the general public, with or without fees, at times when the garage is not being fully used by the development.

Shared parking is a fundamental strategy in the Diridon Plan and is already employed successfully in the Downtown and the Diridon area. Downtown San Jose is a relatively small geographic area. As the City strives to add office, retail and residential uses, it is essential to make the most efficient use of Downtown and Diridon land resources, retaining as much land as possible for development capacity that will continue to support the vitality of Downtown and the Diridon area, and help make it the commercial, cultural, and entertainment center for which it is intended. Developing parking that can be shared, particularly on evenings and weekends, promotes more efficient land use, and encourages higher transit use. Staff can potentially require shared parking as a condition of development if there is a nexus between the new development and the loss of existing public parking. Shared parking would be implemented as a mitigation for the loss of existing surface parking that is already extensively used by the public.

- Staff recommends making certain text edits to the Diridon Station Area Plan, the Implementation Strategy Report, and the 10-Year Horizon Analysis as requested by San Jose Arena Management. Attachment A itemizes all the recommended changes to the Plan documents, including a change related to the interpretation of design guidelines.
- Staff has made refinements in this staff report to further specify coordination of future private development and major transit projects, particularly as they relate to parking analysis and the need to maintain compliance with the City-Arena Mgmt Agreement.

The recommended approach is described below:

- *Development Proposal Referrals* – Refer to Arena Management development proposals on parcels within approximately one-third of a mile of the Diridon Station that have off-street public parking facilities, and are in excess of 25,000 square feet. Referrals will include the cover letter, plan set, and other relevant materials the applicant provides as part of the project submittal. Referrals will also include notification of preliminary review applications, initial studies, and EIR's. Staff will provide comments received in a timely manner from Arena Management to the applicant and consider them in formulating initial comments the City may provide on the proposed project.
- *Future Project Parking Analysis* – Require development proposals on parcels within the central and northern zone of the Diridon Station Area Plan that have off-street public parking facilities, and are in excess of 100,000 square feet of commercial space or in excess of 50,000 square feet of stand alone retail/restaurant projects, to conduct a parking analysis for the project; and to similarly request the same of development proposals within approximately one-third of a mile of the Diridon Station. These projects would be required to analyze and identify the projected parking demand, demand management strategies, and the supply to be provided by

the project. 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. The analysis would also include an assessment of spaces impacted or needed during construction.

- *For the BART and High Speed Rail transit projects, the City will request that the lead agency conduct a project parking analysis* – The analysis should include a projection of parking demand, demand management strategies, recommended supply solutions, and potential impacts on the existing parking supply within the Diridon area, including suggested ways to mitigate the impact if it is deemed significant. The results of any parking analysis will be provided to Arena Management for review and comment. The City will consider Arena Management’s timely feedback in formulating comments that the City forwards to the lead agency as part of the project development and approval process.

Specific Land Use on the East Side of Stockton Avenue

During the public hearing, a question was raised about staff’s recommendation to retain the Transit Employment Land Use Designation on the properties on the eastside of Stockton Avenue between The Alameda and Julian Street and not to designate this block with an Urban Village Land Use, which would allow high-density residential uses integrated with commercial development.

Staff continues to recommend retaining the Transit Employment Residential Land Use Designation on the eastside of Stockton Avenue to facilitate employment in close proximity to Diridon Station. The block could support approximately 310,000 square feet of commercial development, which could yield 1,400 jobs. In addition to the former San Jose Water Co property owned by Adobe, the Stockton/Alameda/Julian block is one of two best opportunity sites in close proximity to the Diridon Station that can attract new office development in the near term. Because of the need to first establish a governance structure and financing plan for the redevelopment of properties owned by the City, VTA and Caltrain, the Central Zone in front of Diridon Station is anticipated to be a longer term development opportunity. As noted in the staff report and the public hearing, many high technology companies put a premium on sites located adjacent to Caltrain and are actively seeking to relocate to what is a relatively limited supply of such sites. Staff from the Office of Economic Development is currently working with growing high technology firms interested in moving into Downtown San Jose, and the Stockton/Alameda/Julian block is one of the viable opportunity sites that is being presented to these companies for new office uses. The interested technology companies have identified proximity to Caltrain as an attractive amenity for their companies.

The Stockton/Alameda/Julian block also presents a shared parking opportunity that could be used by SAP Center customers on nights and weekends if these properties are developed with commercial uses. Because it is not as feasible to share residential parking with other users, particularly on nights and weekends, the development of these properties with residential uses would preclude or provide a significantly reduced shared parking opportunity in close proximity

to the SAP Center. As mentioned in the public hearing, staff's recommendation to retain the Transit Employment Land Use Designation on the Stockton/Alameda/Julian block is supported in a recent report by SPUR on the *Future of Downtown San Jose* and in professional research. The following excerpts provide additional support for staff's recommendation:

"The best way to maximize ridership on the extension of BART to downtown San Jose will be to encourage lots of jobs that are immediately accessible from BART stations. Few of the BART stations in southern Alameda County and Santa Clara County have employment near their stations. Therefore it is even more important for downtown San Jose to retain the capacity to become a bigger job center and not allow development of key parcels near BART for housing."¹
"In California, about 20 percent of those working in office buildings near rail stations regularly commute by transit, nearly three times transit's modal share among those working away from rail stations. Policy-makers can promote transit-commuting to offices near rail stops by flexing parking standards, introducing high-quality feeder buses, and initiating workplace incentives such as deeply discounted transit passes. While housing has generally been the focus of transit-oriented development, unless the other end of the commute trip - the workplace - is also convenient to transit, transit will continue to struggle in winning over commuters in an environment of increasingly decentralized employment growth."²

Bird Safe Design Requirements

During the public hearing, numerous speakers requested that the Diridon Station Area Plan include bird-safe design guidelines due to the proximity of the Plan area to the Los Gatos Creek and the Guadalupe River. Bird-safe design refers to building design, landscape design, lighting, and glass treatments intended to reduce bird collisions with buildings.

The primary factors in bird collisions are the transparency and reflectivity of glass in a building, the proximity of the building to vegetation, and the type of lighting used. Bird-safe design seeks to minimize bird collisions through the following methods:

- *Glass treatment to reduce transparency and reflectivity* – Studies show that highly reflective or transparent glass is especially prone to bird collisions, especially along façades that face areas with trees and other vegetation. Window treatment to minimize collisions include the use of fritted glass (glass with ceramic dots embedded between layers of glass to reduce the light transmission), frosted glass, angled glass, ultra-violet glass (more expensive), and external screens.
- *Building and landscape design to reduce bird collisions* – Landscaping and building design can reduce bird collisions in several ways, including but not limited to separating landscaping that is attractive to birds from building façades with large windows, limiting

¹ Terplan, Egon, "The Future of Downtown San Jose: How the South Bay's urban center can achieve its potential," SPUR, March 2014.

² Cervero, Robert, "Office Development, Rail Transit and Commuting Choices," *Journal of Public Transportation*, Vol. 9, No. 5, 2006

the amount of transparent glazing on ground floors, the use of angled glass, and/or by installing shading and screening structures in front of façades with large windows.

- *Bird-safe lighting* – Bird-safe lighting avoids uplighting, unnecessary lighting, and uses green and blue-hued lights when possible.

Incorporating several of these bird-safe design elements can also count towards green building credits for energy-efficiency and habitat preservation for ratings systems such as LEED.

Bird-Safe Design Requirements in other Cities

Bird-safe design ordinances or guidelines have recently been adopted in San Francisco, Sunnyvale, and Oakland, which are summarized below:

- *San Francisco* – Requires bird-safe design for new buildings and additions to existing buildings within the first 60 feet of a building façade for buildings located within 300 feet of vegetated open spaces of greater than two acres or open water. New buildings or additions outside of this area will also require bird-safe design if they incorporate a “feature-related” hazard such as clear glass balconies or skywalks.
- *Sunnyvale* – Requires bird-safe design elements for projects within 300 feet of a body of water or a landscaped open space area of one acre or greater in size, including the avoidance of multi-floor expanses of transparent or reflective glass, limited or treated glass on the ground floor, and a prohibition on uplights. Projects located more than 300 feet from a body of water or landscaped area are encouraged but not required to incorporate bird-safe design measures.
- *Oakland* – Requires all new projects that are adjacent to an open water body or vegetated open space area of one acre or greater in size or projects that incorporate a vegetated area into the project design (such as a contiguous vegetated area of one acre or more in size or a green roof) to submit a Bird Collision Reduction Plan for approval by the City prior to the issuance of construction-related permits. The Bird Collision Reduction Plan must incorporate bird-friendly landscape design, glazing treatments for the first 60 feet of a building’s façade, and measures to reduce light pollution.

Applicability of Bird-Safe Design to the Diridon Station Area Plan

The impact of future development within the Diridon Station Plan Area on migratory birds is discussed on page 271 of the Draft Environmental Impact Report (DEIR), which concludes that bird collisions with new buildings in the Plan area would not result in substantial impacts on regional bird populations. Therefore, the lack of (or the adoption of) bird-safe design is not required to reduce the significance of any of impact identified in the DEIR.

Staff recommends that the Diridon Station Area Plan not include bird safe design guidelines at this time. If bird safe guidelines are to be considered, staff recommends that such guidelines be

considered citywide and not specifically for the Diridon Station Area, given that bird guidelines could be applicable in other areas within the City including locations that are adjacent to creeks, parks and open spaces, and bodies of water. Before such guidelines are adopted, a study should be conducted to identify the severity of the bird strike issue, confirm where and under what situations it is a significant issue, and identifies effective mitigations for given situations and locations. Staff also recommends studying the cost implications to development and believe that these costs should be assessed before bird safe guidelines are adopted in the City of San Jose. If the Council would like staff to further explore bird safe design guidelines, then the Council should consider adding this work item as part of their next Council Priority Setting Session.

Affordable Housing

The Diridon Station Area Plan represents one of the most important development and placemaking opportunities in San Jose and in the Bay Area, given its role as a key transportation, entertainment, retail, economic, and residential hub. The Plan includes the need to provide a range of residential opportunities to house the workers and residents across incomes. This is especially important because in areas with unique and strong market opportunities -- such as in Diridon Station -- the economics of land use means that the homes built in the area will be unaffordable to a large segment of the workforce unless affordable housing programs and policies exist.

During the public hearings, one of the key concerns expressed by several stakeholders was the importance of ensuring housing diversity through the means of an affordable housing requirement -- rather than a goal as currently stated -- in Diridon Station Area Plan. The City recognizes the importance of affordable housing in Diridon area, but recommends that any requirements be determined at the financing/implementation stage to ensure viability. Staff will develop an implementation package that will at a minimum meet a 15% goal and will seek opportunities to increase the percentage of affordable housing if feasible. Once viable tools are identified, staff may return to amend the Diridon Station Area Plan to require a certain percentage of housing be affordable.

Daylighting Los Gatos Creek

During the public hearing several individuals suggested that Los Gatos Creek be "daylighted" where it currently travels in an enclosed culvert below Montgomery Street and Park Avenue. Daylighting refers to removing the creek from the enclosed culvert. The Los Gatos Creek Trail Reach 5 Master Plan, approved by City Council on June 17, 2008, identified recommended improvements to a portion of the Los Gatos Creek Trail, including Reach 5C, where the culvert is currently located. The long term plan for the trail through this area is to have pedestrians use the sidewalk and bicyclists use a designated bikeway through the existing signalized crossing at Park Avenue.

The Los Gatos Creek Trail Reach 5 Master Plan does not propose daylighting the creek at this location because it would require a bridge structure that possibly elevates Montgomery Street and Park Avenue over the creek, and requires the acquisition of private property. Constructing a

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bridge and the retained street sections, and acquiring the land would be extremely costly, may eliminate access to frontage properties on Montgomery Street and Park Avenue, and the bridge structures would still shadow much of the creek. As a result, the Diridon Station Area Plan retains and incorporates the approach approved in the Los Gatos Creek Trail Master Plan.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

CONCLUSION

The City has been engaged in an extensive planning effort to support the long-term transformation of the Diridon Station Area. The approval of the Plan helps facilitate private and public investment in the area, and will allow for reimbursement of grant funds from the Metropolitan Transportation Commission. Extensive stakeholder and community involvement helped shape the Plan, including the unprecedented level of coordination with San Jose Arena Management. Development of realistic implementation plans with stakeholders, partner agencies and organizations, and private developers will be the next major phase of realizing the goals for the Diridon Station Area.

/s/

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For questions please contact Jim Ortbal, Assistant Director of Transportation, at (408) 535-3845.

Attachment

MINOR TEXT EDITS TO DIRIDON PLAN DOCUMENTS

DIRIDON STATION AREA PLAN DRAFT PREFERRED PLAN DATED APRIL 2014

Comment No	Section	Page	Subject	Edits / Added Texts (in red)
1	1.2	1-5	Project Objective	Revise the project objective to be consistent with the language throughout the report: "Ensure the continued vitality of the San Jose Arena, recognizing that the Arena is a major anchor for both Downtown San Jose and the Diridon Station area, and that sufficient parking and efficient access for Arena customers, consistent with the provisions of the Arena Management Agreement, are critical for the Arena's on-going access."
2	3.1	3-2	Design Guidelines / Interpretation of These Guidelines	Delete entire sub-section.

TEN YEAR HORIZON ANALYSIS DATED APRIL 2014

Comment No	Section	Page	Subject	Edits / Added Texts (in red)
1	2.3	2-3	Adobe Expansion Site Redevelopment	Delete entire paragraph at top of page and replace with the following: "If and when the potential future Adobe development occurs, the City will investigate means and use its best efforts to continue fulfilling off-site parking requirements in the City's agreement with SJAM, including encouraging the developer to make available parking spaces during and after site development, and to design the future parking facility in a way that facilitates efficient operations of likely users, including event users."
2	3.5	3-10	6PM Transition Period on Event Days	Insert the following text at the end of the first paragraph: "To achieve the satisfactory parking outcomes, assuming the development scenario occurs as outlined in Section 3.1, it is important to note that practically all Caltrain customers would need to park in the existing Arena parking lots and in the adjacent planned parking garage. On about 85 weekdays per year, all transit users would need to vacate Arena parking facilities by 6:00pm in order to accommodate customers for weekday evening events."
3	3.6	3-13	Shared Parking Summary	Insert the following text after the 3rd sentence in the first paragraph: "For the purpose of this summary, results from scenario a) are presented."

IMPLEMENTATION STRATEGY REPORT DATED APRIL 2014

Comment No	Section	Page	Subject	Edits / Added Texts (in red)
1	2.2	2-6	Compatibility with San Jose Arena Objective	Add the following new policy: "Compatibility Policy 2: Consider the Ten Year Horizon Analysis, when implementing the Preferred Plan and analyzing projects that may be developed within the Plan's boundaries for consistency with the Ten Year Horizon Analysis, including its conditions and assumptions."
2	2.2	2-11	Parking Policy	Add the following new policy: Parking Policy 9: Include Shared parking as a condition of development for non-residential development that would result in the loss of substantial existing public parking, if necessary to mitigate the loss of parking. The shared parking condition would require that the development's parking facilities be available for the general public, with or without fees, at times when the garage is not being fully used by the development.