



# Memorandum

**TO:** CITY COUNCIL

**FROM:** Mayor Sam Liccardo  
Vice Mayor Rose Herrera  
Councilmember Chappie Jones  
Councilmember Pierluigi Oliverio  
Councilmember Magdalena Carrasco

**SUBJECT:** PD-REZONING FOR 3161 OLSEN DRIVE AND ADOPTION OF I-280 WINCHESTER TRANSPORTATION DEVELOPMENT POLICY      **DATE:** September 16, 2016

Approved

Date

RECOMMENDATION

Approve recommendations outlined in the staff report including certifying the Santana West Development Project and I-280 Winchester Boulevard Transportation Development Policy Environmental Impact Report, approving the I-280 Winchester Boulevard Transportation Policy and an Ordinance rezoning the property at 3161 Olsen Drive, with the following modifications to:

1. Accept a contribution of \$1.0 million from the developer to the VTA Voluntary Contribution Program for regional transportation improvements for impacts to 21 freeway segments, in addition to requiring the developer to other conditions of approval including:
  - Constructing off-setting improvements in conformance with Council 5-3, Protected Intersections at an estimated cost of \$1.7 million;
  - Conforming to the Transportation Development Policy for PM peak hour trips added to the new off-ramp as a result of the proposed project, estimated at \$1.0 million;
  - Constructing traffic control devices along Spar, Maplewood and Olin Avenues to address project traffic generated within neighborhood streets, at a value estimated at \$500,000;
  - Modifying the traffic signals at both Olin Avenue and Olsen Drive along Winchester Boulevard to accommodate projected traffic to include construction of additional left-turn storage and traffic signal modifications at a cost estimated at \$500,000; and,
  - Contributing a fair share toward cumulative impacts along San Tomas Expressway estimated at \$400,000 during the PD-permit stage of the entitlement process.
2. Require a Transportation Demand Management (TDM) program to implement measures such as commuter shuttle service, bike lockers, bike share, car share/van share parking areas, subsidized Eco Passes, a dedicated transit center, etc. In addition, a vehicle trip reduction target and third party monitoring of the TDM program are highly encouraged.
3. Seek a voluntary Development Agreement that will allow developer contributions under the Transportation Development Policy to be re-allocated to other congestion relief projects within a very clearly defined geographic area within the same Winchester-Stevens Creek corridors through a public vote of the Council.

4. Maintain road access and points of connection as currently provided by Olsen Drive between Winchester Boulevard and the Winchester Ranch Mobile Home Park community, with allowance for potential adjustments to the actual roadway geometry, provided that the adjustments do not reduce the current vehicle capacity.
5. Pursue, in collaboration with the residents of the Winchester Orchard Neighborhood Association, any available opportunities to reduce speeding and to divert cut-through traffic through developer funded traffic controls and other measures along Maplewood, Hanson, and Spar Avenues and Olin Drive.
6. Include a development standard requiring a 40-foot setback from the single-family residences to the west, with a maximum height at the setback line of 40 feet. In addition, building facades adjacent to the western property line, if parking, shall be solid, so as to mitigate potential visual and acoustic effects of vehicles, and in all instances incorporate living walls and or green screens to the extent reasonably possible. Furthermore the trees along the western property line must be maintained, where possible, and new trees installed, where appropriate, to provide additional screening for neighbors.
7. Require the developer to implement best management practices to mitigate possible harmful impacts to nearby neighborhoods during construction.
8. Ensure that loading docks and mechanical equipment associated with the project are designed and eventually located a reasonable distance away from existing neighborhoods, and that the City standard of 55 dBA DNL is achieved for noise levels associated with the project.
9. Return to the Council with an analysis of the potential adaptive re-use of the Century 21 landmark for a community-enhancing amenity beyond mere mini-storage use, such as a public plaza, open-air amphitheater, park or other recreational use.

## **BACKGROUND**

Strong investor interest in several key development opportunity sites in West San José has given rise to several 'signature project' proposals which are currently in the entitlement process. The preparation of Urban Village Plans for Stevens Creek, Valley Fair/Santana Row, Winchester Boulevard, South Bascom and West San Carlos, along with the associated environmental studies, traffic reports, and development policies, are also currently underway. Engaging property owners, neighborhood residents and business owners to ensure that the Urban Village Plans respond to the vision of creating walkable, bicycle-friendly, transit-oriented, mixed-use developments with high-quality design is a key priority that the City fully intends to facilitate.

Through the auspices of the District 1 Office, the Winchester Corridor Advisory Group - consisting of neighborhood association representatives, business owners and developers – was convened to serve as a liaison between the City and community while the Urban Village Plan is being prepared and proposed development projects in the area are being processed and considered for approval. While the City wishes to capture as much economic growth as possible in this mature stage of the economic cycle, we continue to place a high value on evaluating and addressing the effects of growth on established neighborhoods, existing amenities and transportation infrastructure, and remain committed to the goals of the San José 2040 General Plan to achieve fiscal sustainability and improve the city's jobs-housing balance.

Federal Realty Investment Trust proposes to develop a 1 million square foot office and commercial development on an approximately 13-acre site which lies within the Valley Fair/Santana Row Urban Village. Over the past two years, the District 1 Office, City staff and Federal Realty have engaged community leaders and other stakeholders, including the Preservation Action Council of San José, to discuss the various aspects of the project. Over 20 meetings and group presentations have been hosted to date, and all parties remain committed to continuing this level of dialogue as the development project moves through the entitlement process.

Neighborhood concerns regarding traffic congestion and degradation of their quality of life are challenges the City Administration takes most seriously. The Transportation Development Policy that is presented for City Council adoption serves as a tool to levy traffic impact fees for the purpose of mitigating the impacts of development projects that may be approved prior to the adoption of an Urban Village Plan. Fees collected will be primarily used to fund off-ramp improvements at the I-280 and Winchester Boulevard Interchange, to partially mitigate the traffic impacts of new development in the area. Federal Realty will be levied the commensurate traffic fee of \$1.0 million to mitigate the impacts of its proposed development project. Additionally, Federal Realty will be required to invest approximately \$4.0 million in fair share payments for protected intersections and San Tomas Expressway improvements, and in the construction of signal modifications and traffic control measures to alleviate traffic conditions in neighborhoods adjacent to the project site.

Community feedback received during the outreach process included concerns regarding the traffic impact on nearby residential streets such as Maplewood Avenue, Spar Avenue, and Hanson Avenue. Should the proposed rezoning be approved by Council, the District 1 Office, with the City's Department of Transportation staff, will conduct additional outreach within the Winchester Orchard neighborhood on the specific traffic control measures that residents would hope to have implemented to facilitate the diversion of cut-through traffic and reduce speeding on those streets. Feedback has also been received from the neighborhood regarding the shading impacts of the proposed development project. The developer has generated an analysis that shows that the shading impact is limited to approximately three months of the year and only in the morning hours of the day. A majority of the surrounding properties are not impacted at all. Given the magnitude of the proposed development project, this represents a minimal shading impact.

Federal Realty has a proven track record in delivering state-of-the-art office buildings and world-class destination retail space at Santana Row and the Westgate Center, with investments exceeding well over \$1 billion during the past decade. The Maryland-based REIT continues to place its confidence in San José and we are grateful. We are also appreciative of the disciplined and respectful approach demonstrated by the developer representatives in their efforts to achieve City goals and neighborhood priorities.

The proposed development is consistent with the Jobs First principles of the San José 2040 General Plan. It is also consistent with the General Plan goal of focusing growth and development within Urban Village boundaries, in order to protect nearby residential neighborhoods. We urge our Council colleagues to join us in approving the recommended actions associated with this proposed one (1) million square foot office and commercial development at 3161 Olsen Drive, and the I-280 Winchester Boulevard Transportation Development Policy.