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7/17/2018	1	Council and Authorities Concurrent Meeting	Approved the Consent Calendar	

REPORT TO COUNCIL

SUBJECT

Action on Patrick Henry Drive and Freedom Circle Specific Plan Consultant Contracts and Funding Agreements

EXECUTIVE SUMMARY

Following prior City Council direction to commence preparation and issue a Request for Proposals for Specific Plans for the Patrick Henry and Freedom Circle areas in northern Santa Clara, staff has selected a consultant and prepared a draft contract for City Council consideration. Per Council direction and in accordance with the General Plan, preparation of the Specific Plans would be funded by property owners and/or developers with an interest in the Specific Plan area. Funding agreements are also attached for City Council consideration.

Preparation of the Specific Plans would commence once the full amount of funding has been provided by the developers, anticipated to begin in September of this year and to be completed in early 2020. The Specific Plan process will provide for robust community engagement, stakeholder input and coordination with other land use development activities in Santa Clara. The Specific Plan process will also include preparation of prerequisite studies as called for in the General Plan.

BACKGROUND

The City of Santa Clara 2010-2035 General Plan establishes the long-term goals for the City's future and guides daily decision-making related to land use and the delivery of City services. The General Plan was most recently comprehensively updated in 2010. A phasing strategy and the identification

of future Focus Areas were key components added into the General Plan as part of the 2010 update. Each Focus Area allows for the conversion of non-residential land to high density residential use in order to support the City's future population growth needs. The General Plan anticipates the preparation of a precise plan (or Specific Plan) for each Focus Area prior to its implementation. The preparation of a precise plan is intended to establish a framework for the successful development of the Focus Areas in a manner that supports the quality of life for future and existing residents. The plans will thus establish land use and design standards, a plan for amenities and infrastructure and other ingredients necessary for a well designed and functioning neighborhood.

In July 2017, the City Council directed staff to commence preparation of Specific Plans for the Patrick Henry and Freedom Circle areas and approved specific language to include in a Request for Proposals (RFP) for each of the Specific Plan areas. The Patrick Henry area is identified in the General Plan as a Focus Area on the west side of Great America Parkway, along Patrick Henry drive, just north of Mission College. While the Freedom Circle area is not identified in the General Plan as a Focus Area, the City Council also directed staff to prepare a Specific Plan for the area along Freedom Circle between Great America Parkway and San Tomas Aquino creek. This direction was made in response to a privately initiated request to amend the General Plan to allow high-density mixed-use within the area that the Council decided not to allow to proceed independently.

The City's General Plan allows Future Focus Area plans to be initiated by one or more private parties who provide funding to the City for planning the entire Focus Area with the intent that the City takes the lead in the planning process. The General Plan also identifies several prerequisite studies that should be conducted prior to the development of Phase 3 Focus Areas, which includes Patrick Henry. Following Council direction, staff issued a RFP for consultant services to prepare Specific Plans for the Patrick Henry and Freedom Circle areas and to prepare the prerequisite studies identified in the City's General Plan.

A total of eight firms responded to the RFP for the two Specific Plan areas. Based upon an initial scoring of these firms, five were selected for interview and staff identified a preferred firm, MIG, Inc., to prepare both plan areas. Once staff and the consultant agreed upon the scope for Specific Plan work, staff worked with the respective property owners of each Specific Plan area to prepare a funding agreement for each plan.

DISCUSSION

A Specific Plan establishes more detailed vision, goals and objectives for a Focus Area than what is provided within the General Plan. The Specific Plan also streamlines future entitlements for individual projects by promoting certainty in the development review process. Design guidelines in the Specific Plan will give developers clear direction for allowable uses, form, massing, and relationship to the public realm. Subsequent project approvals can also make use of the environmental review prepared in support of the Specific Plan adoption.

Because the Patrick Henry Drive and Freedom Circle plan areas are located proximate to each other north of Highway 101 and will require similar types of analyses, and it is desirable to conduct a highly coordinated community engagement process for the two Plans, it would be efficient and beneficial for the City to proceed with a single consultant. The recommended firm, MIG, Inc., has demonstrated a strong understanding of the City's objectives for a community-based planning process that will result in a land use plan that will both establish a strong vision for a positive public realm and be implementable under near-term market conditions. MIG has demonstrated the ability to complete Specific Plans within agreed upon budgets and timeframes, including effective community

engagement and stakeholder outreach processes. Specific Plans prepared by this consultant are both comprehensive and concise and can be easily used by developers as well as the general public for development guidance. Staff therefore recommends that the City Council authorize the City Manager to proceed with the proposed consultant contracts with MIG, Incorporated for the Patrick Henry Drive and Freedom Circle plans.

The proposed agreements with MIG will provide for the preparation of the Specific Plan for adoption along with the associated Environmental Impact Report (EIR), and new zoning designations to implement the General Plan land use policies. The consultant will also conduct community engagement activities and prepare a commercial services/retail retention plan. The Specific Plan process is currently anticipated for completion in early 2020, at a cost not exceeding a total of $1,652,000 for both Specific Plans.

Patrick Henry Drive Specific Plan Scope

The proposed Patrick Henry Drive Specific Plan Area is approximately 76 acres located at the western boundary of the City of Santa Clara at Calabazas Creek, bounded generally by the Hetch-Hetchy right-of way to the north, Great America Parkway to the east, and Mission College Boulevard to the south. The City of Sunnyvale lies to the west, across Calabazas Creek. Immediately to the north of the Hetch-Hetchy right-of-way is the former Yahoo! Campus, now owned by Kylli. (See Figure 1 on the attached map.) The Tasman Drive light rail line is approximately ten minutes walking distance from any portion of the Patrick Henry Focus Area, and public transit is also available on Great America Parkway. The Patrick Henry Drive area contains 17 light industrial properties and three public streets, with access to Great America Parkway and Mission College Boulevard. The building stock in the Patrick Henry Drive area consist mostly of one and two-story concrete tilt-up industrial buildings built in the late 1970s and early 1980s, with a series of distinctive four-story concrete buildings along the east side of Old Ironsides Drive.

Staff anticipates that the City will want the Specific Plan Area to support residential densities in excess of 100 dwelling units per acre (DU/AC), along with new neighborhood serving retail and public services similar to the planning for the Tasman East Focus Area. The Specific Plan area is currently designated as a mix of Low and High Intensity Office/R&D, but is shown on the General Plan Phase III map as High Density Residential, with maximum residential densities of 50 DU/AC. The General Plan designation for this area would be updated as part of the Specific Plan process to accommodate higher densities and a mix of land uses.

The Patrick Henry Specific Plan will also be closely coordinated with the privately proposed Kylli development project immediately to the north of the Specific plan area on the former Yahoo! campus site. This 49 acre site was previously entitled for the development of up to 3 million square feet of office space. Kylli is currently working on an application to expand this entitlement to allow an additional 500,000 square feet of office use, 6,000 residential units, a hotel and other supporting commercial uses, and open space and a possible educational facility. The draft Patrick Henry Specific Plan consultant contract scope includes consideration of the future development proposed on the Kylli site and an objective to seamlessly integrate the two areas into a complete, vibrant, walkable neighborhood anticipating that amenities such as parkland, retail, and public uses may be shared between the two areas. The Patrick Henry Specific Plan will also evaluate if some portion of the Plan area should be preserved for industrial use in recognition of the amount of residential proposed by Kylli and the increasingly mixed-use character of the area.

Freedom Circle Specific Plan Scope

The Freedom Circle area encompasses approximately 138 acres of gross land area in north Santa Clara, bounded generally by Highway 101 to the south, Great America Parkway to the west, a combination of Patrick Henry Drive and Great America Theme Park to the north, and San Tomas Aquino Creek to the east. (See Figure 2 on the attached map.) This area would include sixteen commercial or light industrial properties and four public streets with access to public transit available on Great America Parkway and Mission College Boulevard. This Specific Plan area is being brought forward per prior City Council direction, following the City's decision in 2017 not to proceed with a requested General Plan Amendment submitted by the Greystar Development Group.

The buildings in the Freedom Circle area are a mix of concrete tilt-ups, office towers, and single-use commercial buildings such as the Santa Clara Marriott Hotel and Pedro's Cantina. The majority of the Greystar site, which sits directly north of 101 and directly west of San Tomas Aquino Creek, is undeveloped with the exception of a small commercial (restaurant) building located at the southwest corner of the site.
Most of the proposed Specific Plan Area currently has a High Intensity Office General Plan designation, which supports high-rise and campus style office development with an allowed Floor Area Ratio (FAR) of up to 2.0. The Marriott Hotel site is the lone exception, and is currently designated Regional Commercial.

Unlike in identified Focus Areas where the City anticipates conversion of all or a large majority of lands to residential use, the General Plan anticipated preservation of this area for employment use, recognizing that it currently supports key commercial and office uses. Accordingly, the Freedom Circle Specific Plan RFP asks the consultant to evaluate a generally even mix of employment and residential uses consistent with overall General Plan goals. If the City prepares a Specific Plan for this area, it is anticipated that it would support residential densities in excess of 100 dwelling units per acre (DU/AC), along with a mix of high intensity office and commercial uses, forming a mixed-use, high-density employment and residential district. The Freedom Circle area is thus anticipated to develop at densities and intensities that are more vertical in character and could necessitate steel-frame construction.

Key Objectives
The City's key objectives for the Patrick Henry Drive and Freedom Circle Specific Plans were identified in the RFP as follows:

1. Placemaking - the Plan should support the development of a complete neighborhood that incorporates public and private amenities, including parklands and other open spaces, along with services, organized into an attractive, walkable urban environment.

2. Equity - the Plan should distribute the anticipated future costs and benefits of new development among property owners in an equitable manner.

3. Feasibility - the Plan should include a land use plan and implementation tools as necessary to provide for a straight-forward, streamlined implementation process.

4. Economic Sustainability - preparation of the Plan should include an analysis of the economic and fiscal impacts of the conversion of land from commercial/industrial to residential use and an evaluation of potential off-setting conversion of other existing commercial/industrial lands designated for future residential use within the General Plan. The Plan should also consider the retention of key industrial or commercial sites within the Plan area to maximize the overall economic benefit of future

land uses and to produce a complete community.

Prerequisite Studies
The General Plan specifies that Phase III Future Focus Areas require additional planning as a prerequisite to development. These Future Focus Areas would facilitate a change in land use from existing underutilized office and industrial uses to higher density residential and mixed use neighborhoods with a full complement of supportive services. Careful planning of each area is essential to ensure the provision of adequate infrastructure and services, an appropriate interface with surrounding development and access to transit, open space and recreation. The City's RFPs indicated that prerequisite studies called for in the General Plan would need to be completed either as part of the subject Specific Plan process or for the Freedom Circle Specific Plan if that process occurs in advance or concurrent with the Patrick Henry Specific Plan process. Among other analyses, the prerequisite studies will evaluate:

- Citywide parkland ratios;
- Adequacy of infrastructure (water, sanitary sewer conveyance, wastewater treatment, solid waste disposal, storm drain, natural gas, and energy demand and facilities);
- Fiscal impacts associated with the land use changes;
- Emergency response times; and
- Bicycle, pedestrian, and transit improvements.

North of Bayshore Plan
The proposed contract scope includes preparation of a consolidated North of Bayshore Plan document that will show how the land uses and infrastructure needs for development of the two Specific Plan areas are coordinated with each other, the Kylli development, Mission College, Great America, and other land uses in the area, as well as how the overall development has been addressed through the prerequisite studies.]

ENVIRONMENTAL REVIEW

The current action is Statutorily Exempt per CEQA Guidelines Section 15262, Feasibility and Planning Studies, in that the proposed action is to engage a consultant to prepare plans for possible future actions that have not yet been approved, adopted, or funded and that will not have a legally binding effect on later activities. The specific plans will undergo environmental review and an environmental document will be brought to the City Council when the Council considers the specific plans for approval in 2020.

FISCAL IMPACT

Development of the Specific Plan will align with the City's current budget which includes capacity for staff to work on long-range planning efforts and because preparation of the Specific Plan will be developer-funded, per Future Focus Area Policy 5.4.7-P3. The City has prepared draft funding agreements (attached) with developer groups for both Specific Plan areas, which require the developers to provide sufficient funds to cover the full cost of the Specific Plan prior to the City's initiation of the contract with MIG, Inc. Total funds of $1,711,502 ($900,000 for the Freedom Circle Specific Plan and $811,502 for the Patrick Henry Drive Specific Plan) will be deposited by the developers into accounts established by the City for the consultant services. The funds for the two separate plans will be held in separate accounts, which will be used to pay the consultant on a

monthly basis. In the event that additional services are required of the Consultant, the scope and cost will be agreed upon in writing, and the developers will deposit funds in an amount equal to the cost of the additional services into the City's established accounts prior to commencement of work. A ten percent contingency has been built in to the contract budgets. In the event that there are funds remaining in the deposit accounts, those funds would be returned to the developer groups and shared on a pro-rata basis.

After the completion of the Specific Plan, the City could adopt a Specific Plan Fee, per Government Code Section 65456, which allows cities to collect fees to cover the creation and administration of Specific Plans. In this case, the fees collected could be used to both reimburse the developer, and to pay for City staff time related to the documented costs for creation and administration of the plan. Per the State provisions that enable this fee a future user fee study is not required.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <mailto:clerk@santaclaraca.gov> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Authorize the City Manager to execute a professional services contract with MIG, Inc. for the Patrick Henry Drive Specific Plan for a not-to-exceed amount of $811,502, subject to execution of a funding agreement between the Patrick Henry Drive developers and the City.
2. Authorize the City Manager to execute a funding agreement with the Patrick Henry Drive developers, in substantially the form attached hereto, subject to minor modifications approved by the City Manager.
3. Authorize the City Manager to execute a professional services contract with MIG, Inc. for the Freedom Circle Specific Plan for a not-to-exceed amount of $840,497, subject to execution of a funding agreement between the Freedom Circle developers and the City.
4. Authorize the City Manager to execute a funding agreement with the Freedom Circle developers, in substantially the form attached hereto, subject to minor modifications approved by the City Manager.

Reviewed by: Andrew Crabtree, Director, Community Development
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Patrick Henry Drive and Freedom Circle aerials
2. Draft contract for the Patrick Henry Drive Specific Plan
3. Draft funding agreement for the Patrick Henry Drive Specific Plan
4. Draft contract for the Freedom Circle Specific Plan
5. Draft funding agreement for the Freedom Circle Specific Plan