

MEMORANDUM

Planning & Neighborhood Services Department



To: Mayor & City Council
Through: Tom Williams, City Manager
From: Bill Ekern, Interim Director
Subject: Serra Center Study Session Information
Date: May 21, 2015

A City Council study session will be held prior to the June 2, 2015 meeting at 6:00 PM regarding the Midtown Specific Plan and the Serra Center site. Similar study sessions were held by the Planning Commission on February 25, 2015 and the Economic Development Commission on April 13, 2015. Minutes from those meetings are attached for reference.

Purpose

The study session purpose is to solicit comments from the City Council regarding redevelopment of the Serra Shopping Center site. Staff will provide the City Council with a review of the Midtown Specific Plan and other applicable land use and economic development policies that comprise the City's adopted vision for redevelopment of the approximately 16-acre site. Staff will also review other regulations and requirements pertinent to reuse of the site. The applicant will provide a brief presentation of their development ideas for the Serra Center site.

Objectives

The objectives of the study session are to:

1. Familiarize the City Council with applicable land use policies, regulations and requirements as they relate to the 16-acre Serra Center site.
2. Provide an overview of the property owner's vision for the Serra Center.
3. Solicit feedback from the Council.

Recommendation

There is no recommendation, as no project is currently under formal consideration. Staff recommends the City Council receive the presentation, participate in discussion and provide feedback regarding redevelopment of the Serra Center site.

cc: City Manager
City Clerk
Economic Development Manager



ECONOMIC DEVELOPMENT COMMISSION Meeting Minutes

Date/Time: Monday, April 13, 2015 at 6:12 pm

SS2

Where: Milpitas City Hall, Committee Conference Room

Attendants: Vice Mayor Montano, Chair Wettenstein; Vice Chair Ablaza; Commissioners, Brahmhatt, Holthaus, C. Nguyen (7:29pm), Nunez, Peoples (6:19pm), Tsao (7:06pm); City Manager Tom Williams, Economic Development Manager Edesa Bitbadal, Planner Darryl Boyd, Recording Secretary Rachele Currie

Excused Absence: Commissioners Ahuja, Bhambhra, C. Nguyen, M. Nguyen

Unexcused Absence: Commissioners Howard and Wong

I. **Flag Salute**

Chair Wettenstein called the meeting to order at 6:12pm and led the Pledge of Allegiance.

II. **Roll Call and Approval of Alternates**

Chair Wettenstein called for Roll. Commissioners Ahuja, Bhambhra, Howard, C. Nguyen, M. Nguyen, and Wong were not present.

A motion was made by Vice Chair Ablaza and seconded by Commissioner Nunez to move Item No. III after Item No. IV-A. Motion carried unanimously.

IV. **Public Forum (Please *limit comments to 3 minutes*) – No public present**

V. **Approval of Agenda**

Vice Chair Ablaza made the motion and seconded by Commissioner Nunez as submitted.

Motion carried by a vote of:

Ayes: 7
Noes: 0
Absent: Ahuja, Bhambhra, Howard, C.
Nguyen, M. Nguyen, Wong
Abstain: 0

VI. **Approval of Minutes – March 9, 2015 Commission minutes**

Commissioner Tsao made a correction on her last month's announcement regarding the Cupertino Chamber event stating that Chair Wettenstein was in attendance.

Motion: to approve the March 9, 2015 Economic Development Commission Minutes as amended.

Motion/Second: Commissioner Brahmhatt / Vice Chair Ablaza

Motion carried by a vote of:

Ayes: 6
Noes: 0
Absent: Ahuja, Bhambhra, Howard, C.
Nguyen, M. Nguyen, Wong
Abstain: Nunez

VII. **New Business**

A. **Serra Center Presentation**

Ms. Bitbadal gave an overview of the study session and said that Planning staff, Darryl Boyd with the City Manager, Tom Williams, and Gary Wong (representing the Serra Center owners) will each give a 15-minute presentation including Q & A portion. Ms. Bitbadal introduced Mr. Boyd; who then gave a brief self-introduction to the commission stating that he is a planning consultant working for MPG.

Mr. Boyd started his presentation with PowerPoint slides providing the entire commission a background about basic planning information and processes. During presentation, both Vice Mayor and Commissioners asked Mr. Boyd questions about the proposed Serra Center project; MidTown Specific Plan, any ongoing and/or upcoming Calaveras Blvd. project/s; and impact fees as they relate to the proposed project. Both City Manager Williams and Mr. Boyd provided answers to Vice Mayor and Commissioners.

Commissioner Peoples commented that the original MidTown Specific Plan has housing included in it and asked Mr. Boyd the number of housing units in that specific plan. Mr. responded it is correct that

housing units are included in MTSP, however his number is not accurate to provide to the Commission. Vice Mayor asked if there's a plan for Calaveras Blvd. be widened for traffic circulation; City Manager Williams responded there are no plans to widen Calaveras Blvd. that he could think of. Commissioner Peoples suggested modifying the off-ramp for consideration. Vice Mayor asked about impact fees if any, Mr. Williams said yes and fees are for the direct improvement of the project. Staff's presentation concluded.

Ms. Bitbadal introduced Jeff Rhoades with Gary Wong representing the project owners. Mr. Rhoades informed the Commission, Mr Henry Kwong also representing the owners is present in the audience then started his presentation with PowerPoint slides. Mr. Rhoades told everyone that the owners have owned the property since 2008 (before the recession) and mentioned that they have no particular bias for land use; they have to work with lease terms which project phasing will be dictated by these terms of building occupants. He mentioned that they could work with EPS since the City is already working with them to which City Manager Williams clarified that EPS only worked for the City relating to the Development Impact Fees. Jeff Rhoades laid out proposed timeline for the project: a) Joint City Council / Economic Development Commission meeting; b) mid-June bring revised plans; and c) mid-July present the EIR.

Vice Chair Ablaza asked what the cash-on-cash return to which Mr. Rhoades replied he thinks 11%. Commissioner Brahmbhatt mentioned confusion about City housing in the project site; Mr. Rhoades replied that vertical mixed use might be possible. City Manager Williams said that tonight's objective is to share and get feedback from the Commission due to the applicant's different vision and that the policy if prohibiting residential at 8% build out but ultimately bring a project best suited for the community. Chair Wettenstein asked if the owners are looking at Santana Row-type of development where commercial are located at the bottom with residential located on top. Mr. Rhoades responded they are looking at what the most viable use at the same time. Architect for the project, Mr. Gary Wong, interjected that they have done a preliminary market study (not full blown) and discovered from the Cal Poly students study, vibrancy of the project site where residential is situated on top, commercial at the bottom instead of vice versa. Mr. Boyd said that the project site has lease terms to consider unlike Santa Row was leveled at once compared to Serra Way that has 11 acres of vacant lot areas.

Mr. Williams mentioned east side of the proposed hotel and Walgreens, if that's a public street it can be envisioned as a stand-alone project that can be put in a better perspective. Commissioner Peoples cited neighbors just south of Abel who he believes need to be informed and talked to about the project. Directly east of this project is the precise plan of MidTown. Do something about the precise plan and the context especially where Foster's Freeze vacant lot next to St. John the Baptist Church. Commissioner Brahmbhatt added that the City does not have any leading start-up companies in town, perhaps this could be an opportunity for Google-type start-up company to consider Milpitas as their headquarters location. Commissioner Brahmbhatt is recommending to consider putting up a project, some start-up, with great proximity to freeway and great housing.

Jeff Rhoades commented that there's a risk associated with attracting a major tech-user here; Commissioner Peoples said proposing office building built on spec is great; Chair Wettenstein added pushing for Class A building, maybe Class B would be easier to fill. Vice Mayor Montano asked to define Class A building. City Manager Williams explained Class A buildings are higher-end with more amenities, materials for the office spaces, very nice buildings, etc. Commissioner Peoples said that we need more professionals, like attorneys, having offices location here in Milpitas.

Commissioner Holthaus said that the City does not have a hospital or university, perhaps we need it to elevate City; it would be nice also like a Milan-type city where fashion is the trade, we need a small trade to be known for City. Mr. Williams remarked about City identity and believes that this project site is the most important site of the City and perhaps identify Milpitas. Vice Mayor commented about nice commercial location because Milpitas folks travel outside Milpitas for upscale shop or Apple store maybe.

More discussion between Commission and Mr. Rhoades ensued about market analysis. City Manager Williams addressed the project representatives stating they need to do an independent market study; what the risk is and the big question is land use (is residential appropriate?). Addressing the commission he asked would this commission recommend residential, if yes, what would that look like knowing the City's policy of 80% build out and needs to be brought to City Council.

Chair Wettenstein noted that he does not see ground floor residential, but envisions ground floor retail, second office, and perhaps residential – mixed use. Commissioner Peoples remarked it depends on what the neighbors say; they might want to see 2-story or 3-story townhomes. Think about Abel to make it vibrant and lively. Commissioner Brahmhatt does not support residential because the City has way too much residential already and not enough schools.

III. Announcements

Vice Mayor Montano has nothing to report. Chair Wettenstein announced Milpitas Chamber of Commerce once a month breakfast at the Milpitas Senior Center tomorrow, May 14 at 7:30 am. End of May, Milpitas International BBQ event. Commissioner Peoples announced TECO grand opening on April 18 at 10am.

Economic Development Manager Bitbadal announced BAAQMD meeting on April 23 at 6:00 pm here in Council Chambers to discuss odor issues. She will be attending ICSC Annual Alliance in Fremont on April 23 from 7:30 am to 11:30 am and will present 3 ongoing Milpitas projects namely: Pacific Mall (by Torgan Group); District 1 – pitching grocery across Great Mall (by Integral); and Landmark Tower (by Singpoli). Ms. Bitbadal asked for a volunteer to help out and attend with her; Commissioner Holthaus committed herself to join Ms. Bitbadal. Reminded Commissioners whose term is coming up to send email to Mayor and City Clerk if they seek re-appointments. Also, April 25 at 11:30am is the Commissioners' Recognition Luncheon event in Milpitas Community Center.

VIII. Old Business

A. Bylaws Subcommittee Report was not discussed.

IX. Upcoming Events – No reports

X. Adjourn – Commissioner Nunez motioned, and seconded by Vice Chair Ablaza to adjourn the meeting at 8:02 pm. The motion carried unanimously.

MEETING MINUTES

MILPITAS PLANNING COMMISSION
Milpitas City Hall, Council Chambers
455 E. Calaveras Blvd., Milpitas, CA

Wednesday, February 25, 2015

- I. PLEDGE OF ALLEGIANCE** **Chair Mandal** called the meeting to order at 7:00 P.M. and led the Pledge of Allegiance.
- II. ROLL CALL/ SEATING OF ALTERNATE**
- Commissioners**
Present: Chair Sudhir Mandal, Vice Chair Larry Ciardella,
 Commissioners Gurdev Sandhu, Rajeev Madnawat, Demetress
 Morris, Hon Lien, Ray Maglalang, Alternate Member Zeya
 Mohsin
Absent: All commissioners present
Staff: Steven McHarris, Johnny Phan, Felix Reliford, Tracy Tam,
 Adam Petersen
- III. PUBLIC FORUM** **Chair Mandal** invited members of the audience to address the Commission and there was one speaker who spoke about earthquakes and broken water pipes.
- IV. APPROVAL OF MEETING MINUTES**
- Chair Mandal** called for approval of the February 11, 2015 meeting minutes of the Planning Commission.
- Motion** to approve Planning Commission meeting minutes as submitted.
- Motion/Second: Commissioner Sandhu/Vice Chair Ciardella
- AYES: 7
- NOES: 0
- ABSTAIN: 0
- V. ANNOUNCEMENTS**
- Planning Director Steven McHarris announced that the Milpitas Vision Plans for California Circle and Main at Serra received the 2015 American Institute of Certified Planners (AICP) National Award for outstanding student project that contributes to advances in the field of planning.
- Mr. McHarris said staff has been working with St. Elizabeth Church on their Parish Hall project that the Planning Commission approved last year and there was a condition that the applicant review the possible relocation of the trash enclosure. He said staff has been working with the applicant and is having difficulty finding an ideal location and it is staff's recommendation to have the enclosure remain at its present location. He added that the enclosure will be updated with a solid concrete block wall, and the truck operations will cause less noise for the neighbors at this location.
- Chair Mandal said that since upper staff reviewed the request and determined this to be the best location, and since there have been no complaints made, he has no objections to leaving the trash enclosure where it is.

Vice Chair Ciardella reminded everyone that next Friday is the Milpitas Chamber of Commerce Crab Feed. He also reported that he received a presentation through the Chamber about a month ago regarding the Serra Center.

Commissioner Madnawat announced that MUSD and Milpitas Community Educational Endowment (MCEE) will hold the third annual Tech Symposium on Saturday, March 14 from 9:00 am to noon at 1285 Escalon Parkway and all are invited to attend.

Commissioner Mohsin announced that on Saturday, February 28th the Milpitas Democratic Club will host a resident forum in the Milpitas Police Community Room from 2:00-4:00 and all are welcome.

VI. CONFLICT OF INTEREST

Assistant City Attorney Johnny Phan asked if any member of the Commission had any personal or financial conflict of interest related to any of the items on the agenda.

There were no reported conflicts.

VII. APPROVAL OF AGENDA

Chair Mandal asked if staff or Commissioners had changes to the agenda. Mr. McHarris requested exchanging Public Hearing item number IX-1 with IX-3 so that the Town Center Amendment item could be heard first.

Motion to approve the February 25, 2015 agenda with requested change.

Motion/Second: Commissioner Madnawat/Commissioner Sandhu

AYES: 7

NOES: 0

VIII. CONSENT CALENDAR

No Items

IX. PUBLIC HEARING

IX-3

TOWN CENTER AMENDMENT – ALL TOWN CENTER DESIGNATED PARCELS – GP15-0001; ZA14-0011 and EA15-0001: A General Plan Amendment, Zoning Text Amendment and Environmental Impact Assessment to the Town Center land use designation and zoning district that would prohibit any new residential uses.

Project Planner Adam Petersen provided a PowerPoint presentation.

Commissioner Sandhu asked why the change is coming now and Mr. Petersen said this is the direction of the City Council. Mr. McHarris provided background information, stating that the last action in the Town Center was to expand the Town Center zoning district south of Calaveras and that action introduced the potential for residential use with no minimum density. This resulted in several single-family residential subdivisions along the south side of Calaveras. Staff reviewed residential uses that would be consistent with the Town Center zone and recommended mixed-use with no ground floor residential to the Planning Commission, whom in turn made the same

recommendation to the City Council. The City Council directed staff to remove residential altogether so the item has returned to the Planning Commission for their consideration.

Vice Chair Ciardella asked if commercial can be located on the bottom floor and office space above and Mr. Petersen said he believes this would be allowed.

Commissioner Madnawat asked about dry cleaning not being permitted in the town center and Mr. McHarris said dry-cleaning businesses are permitted however dry cleaning plants where chemical cleaning is done is not permitted in the Town Center.

Chair Mandal opened the public hearing and there were two speakers.

The owner at 500 E Calaveras believes mixed use should be acceptable but ruling out residential is something the commission should think twice about. He believes it should be kept mixed use.

A gentleman referred to pages 7 of the staff report regarding natural disasters and suggested adding “or man caused disaster” to the text. He also commented that higher buildings in the downtown area can be accomplished if one looks at how other cities have done it.

Motion to close the public hearing.

Motion/Second: Commissioner Sandhu/Vice Chair Ciardella

AYES: 7

NOES: 0

Motion to adopt Resolution No. 15-009 recommending the City Council adopt General Plan Amendment No. GP15-0001, Zoning Amendment No. ZA14-0011, and approving Environmental Impact Assessment EA15-0001 to prohibit all new residential uses from the Town Center Zoning District.

Motion/Second: Commissioner Madnawat/Commissioner Morris

AYES: 6

NOES: 1 Lien

IX-2

GENIUS KIDS CUP – 487 & 495 Jacklin Road – UP14-0014: A request for a Conditional Use Permit to operate a daycare and afterschool tutoring facility with a total of 75 children within an existing commercial building.

Project Planner Tracy Tam provided a PowerPoint presentation reviewing the project.

Chair Mandal asked about the lighting in the play area and Ms. Tam said the applicant has expressed interest in including lighting in that area and Chair Mandal said he feels this is important for the safety of the children. Chair Mandal also asked about the surface of the play area and Ms. Tam said it will be engineered bark which has been compressed to a certain level so that dust is not produced when the children play outdoors.

Vice Chair Ciardella asked about the play equipment and Ms. Tam said that during the review process there was a proposal for play equipment but it is no longer proposed due to staff’s concern with the surrounding residential uses. The applicant will be providing

art easels and sand boxes.

Rennu Dhillon, Genius Kids franchise owner, was present to discuss the project. Chair Mandal asked her for clarification on the ground material being used in the play area and she said there are different choices available, including engineered wood chips or rubber mulch, and what is allowed in a public park is different than that allowed in a preschool, but added that they do not have a preference as long as it meets Department of Social Services standards.

Chair Mandal asked Ms. Dhillon about the lighting and she said there are some lights in the back of the building but not enough for the playground, so they are open to adding more lighting and feels using solar powered lights would be a good idea.

Commissioner Mohsin asked what time of play equipment will be included if there are no play structures and Ms. Dhillon said they will have picnic tables and the school is focused on science and plans to have a lot of hands on learning and projects outside, including gardening.

Chair Mandal opened the public hearing and there were no speakers.

Motion to close the public hearing.

Motion/Second: Commissioner Morris/Commissioner Sandhu

AYES: 7

NOES: 0

Motion to adopt Resolution No. 15-011 approving Conditional Use Permit No. UP14-0014 to operate a daycare and an afterschool tutoring facility with a total of 75 children within an existing commercial building located at 487 and 495 Jacklin Road, subject to findings and Conditions of Approval, and an amendment to include a condition that the outdoor play area will have rubberized ground material.

Motion/Second: Commissioner Sandhu/Vice Chair Ciardella

AYES: 7

NOES: 0

IX-1

HOUSING ELEMENT, SEISMIC/SAFETY ELEMENT, AND OPEN SPACE/ENVIRONMENTAL CONSERVATION OF THE GENERAL PLAN – EA14-0007 and GP14-0004: A request for Adoption of a Negative Declaration and a General Plan Amendment Approving the Draft Housing Element 2015-2023, and revisions to the Seismic/Safety Element and Open Space/Environmental Conservation Element of the General Plan.

Principal Planner Felix Reliford provided a PowerPoint presentation.

Commissioner Madnawat asked about fees for affordable housing and there was discussion about the Nexus study and City Council's decision not to pursue it. Commissioner Madnawat asked how many affordable housing units were provided in Milpitas last year and Mr. Reliford said approximately 65 units. Commissioner Madnawat feels this is an insignificant amount of housing and the City is not creating fees to provide affordable housing which is contradictory to what state law requires. Mr. Reliford said staff is researching incentives, such as density bonuses.

Commissioner Maglalang referenced page six of the Draft Housing Element which states that the City did not meet its RHNA goals for very low to low moderate income households and asked the reason for this. Mr. Reliford said that no city meets 100% of their RHNA number and most cities seldom meet 50%.

Chair Mandal opened the public hearing and there were no speakers.

Motion to close the public hearing.

Motion/Second: Commissioner Sandhu/Vice Chair Ciardella

AYES: 7

NOES: 0

Commissioner Morris suggests revisiting the subject of a Nexus study and returning to the City Council.

Commissioner Madnawat feels the City has not achieved any of its affordable housing targets and has only provided 2% affordable housing. He believes the City is required to have some policies to try to achieve these goals and he does not see any policies to support this.

Motion to adopt Resolution No. 15-0008 recommending the City Council adopt a Negative Declaration (Environmental Assessment No. EA14-0007) and approve General Plan Amendment No. GP14-0004 relating to the Draft Housing Element 2015-2023 and revisions to the Seismic/Safety Element and Open Space/Environmental Conservation Element of the General Plan with an amendment to return to City Council with a recommendation for a Nexus study for affordable housing and setting aside funding for affordable housing.

Motion/Second: Commissioner Madnawat/Commissioner Morris

AYES: 7

NOES: 0

X. NEW BUSINESS

X-1 SERRA CENTER STUDY SESSION

Senior Planner Adam Petersen said the study session would consist of two purposes, a review of City policies and zoning designation for the Serra Center, and a discussion on future development potential of the center, and showed a PowerPoint presentation reviewing the Serra Center.

Chair Mandal feels this is the main entrance into Milpitas and the center currently gives him the wrong impression about the city, and he said this is an opportunity to have an area that is an icon of the city. He asked how much input the Economic Development Commission (EDC) has had on the project thus far.

Mr. McHarris said the EDC has not been agendized as this is the first City commission review of this center. Chair Mandal feels it is important that the EDC review the development of this center and that input is received from them.

Commissioner Maglalang said he prefers one straight building similar to Santana Row with underground parking.

Commissioner Madnawat commented that the Cal Poly students had great plans in their study and he would like to see them incorporated into this project.

Gary Wong said the Serra Center was previously presented to the Planning Commission and City Council but it did not go far due to the recession; however, it is being brought back to reality with his team and the Serra way partners. He said in the past they were given the concept that mixed use was allowed, then they were sidetracked because residential was not allowed in the new General Plan policy, and the design plans they are showing are based on mixed use, which they want to introduce into this project.

Mr. Wong showed a PowerPoint of the proposed project and reviewed their future plans for the site.

Commissioner Madnawat asked about the timeline of the project. Mr. Wong said there are a number of leases that do not end for some time so they are proposing starting development on the east side working toward the west when those leases expire. He said they hope to break ground some time next year and that development will happen in four phases.

The latter part of their presentation was to receive input from the commissioners and below is a summary of comments received from the Planning Commission:

- Take item to Economic Development Commission
- Enhance Economic Support of City
- Obtain ideas from an economic team
- Do not underestimate Milpitas
- Look at Fremont Pacific Commons Center as example
- Provide staff with experience in similar past project examples
- Incorporate Cal Poly vision study
- Work with Cal Poly to further the concept
- Santana Row style activity
- Revisit Floor Area Ratio
- Gateway to the City
- Residential will be above commercial (no ground floor residential)
- Iconic appearance needed
- Affordable commercial and residential rents
- Serra Center theme, historic.
- Look at Alviso Park for history
- Attractive, enjoyable spaces and experience
- Incorporate alternative energy solutions
- Beautify and orient toward adjacent creek channel
- Emphasize pedestrian design
- Design for convertible internal street(s) (can be closed for festivals, events)
- Not in favor of residential along Junipero
- Consider moving parking structure closer to Junipero, no residential
- Work on Serra/Calaveras “pork chop” for gateway design

Serra Center owner Sam Ying thanked the commission for their time and said their goal is to build a place where families can spend time and a center that Milpitas will be proud of.

XI. ADJOURNMENT

The meeting was adjourned at 11:10 PM to the next meeting scheduled on Wednesday, March 11, 2015.

Motion to adjourn to the next meeting.

Motion/Second: Commissioner Madnawat/Commissioner Sandhu

AYES: 7

NOES: 0

*Meeting Minutes submitted by
Planning Secretary Elia Escobar*