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Date: August 20, 2020

To: Members of the Board of Supervisors and San Benito County Residents

From: Barbara Thompson, County Counsel

Re: **Elections Code 9111 Evaluation of the Strada Verde Innovation Park Initiative**

This Errata is presented to supplement the Elections Code 9111 report dated August 17, 2020, prepared by EMC Planning Group, Inc. and Applied Development Economics, Inc.

This Errata addresses County Counsel's concerns that the final draft of the report as submitted does not meet County Counsel's expectations for a legally sufficient report. Our office endeavored in good faith to bring these concerns to the attention of the report's authors so that they could be adequately addressed in the final report to be made available to the Board of Supervisors and the public today.

County Counsel attorneys review reports prepared for the County for legal sufficiency based on the following criteria:

- Completeness – is the report complete in its analysis and/or factual presentation?
- Factually Accurate – Does the evidence support the conclusions that are made, and has the evidence been represented in a factually accurate manner?
- Legally correct - Are the legal conclusions supported by statutes and case law?
- Balanced – Is there an appearance of bias for or against the initiative that is the subject of the report?

In the opinion of County Counsel, the Report prepared by EMC and ADE still fails to achieve these objectives in important respects, as outlined below.

On August 20, 2020, EMC reaffirmed its belief that the report is unbiased, and is legally and factually correct. EMC declined to make any changes to the report that was presented on August 17, 2020, despite a lengthy meeting on August 19 and briefly this morning, in an attempt to resolve the differences as directed by the Board of Supervisors at its meeting on August 18, 2020.

This Errata is therefore prepared to present the concerns of the County Counsel's office as the legal advisor to the County of San Benito and the San Benito County Board of Supervisors. The Public is urged to consider this Errata together with the Report and make its own conclusions regarding the Initiative after a thorough consideration of both.

Errata or Comments on Election Code 9111 Evaluation of the Strada Verde Initiative

Issue Description (Listed in Order of Relative Significance)	Report Page #
1. Inadequate CEQA Analysis	pages 3, 27-28

The EMC Report misstates the applicability of the California Environmental Quality Act (CEQA). The Report wrongfully concludes, “Under the proposed Specific Plan, many uses would be allowed by right and could be developed without additional discretionary approvals and thereby avoid environmental review. While future discretionary approvals may trigger CEQA review, approval of the Initiative would likely limit the scope of any potential future environmental review and constrain the County’s ability to impose any mitigation that would be inconsistent with uses approved by the Initiative.” This text should be deleted. **Under the express terms of the specific plan, no development will occur without discretionary subdivision map approval, triggering full CEQA compliance.**

The second paragraph of the subsection “Land Use Planning by Initiative in California” on page 3, and under “Environmental Review Exception” on pages 27-28, should instead read as follows (edits underlined):

Environmental review under the California Environmental Quality Act (“CEQA” Pub. Res. Code §§ 21000, *et seq.*) is not required for land use initiatives. (*Tuolumne Jobs & Small Business Alliance v. Superior Court* (2014) 59 Cal.4th 1029.) However, subsequent discretionary actions to implement the specific plan, including but not limited subdivision tentative maps and development agreements, which is required Section 5.4 Implementation and Subsequent Project Approvals of the SVIP-SP, are subject to CEQA review. The baseline for that review is the existing physical condition of the environment that would be affected by those discretionary approvals at the time the analysis is being conducted, rather than those that might be allowed by a voter-approved plan, but which have not yet occurred. (Pub. Res. Code § 21060.4; 14 C.C.R. § 15125 (a)(3); *Woodward Park Homeowners Assn., Inc. v. City of Fresno* (2007) 150 Cal.App.4th 683.)

The County of San Benito has in fact begun selection of a consultant to prepare a Programmatic EIR for the SVIP-SP project in the coming months covering the full scope of the Initiative.

2. Consistency with County General Plan (Hazards Buffer Policy HS-6.9) -Fails to Note Potential Internal Inconsistency	pages 5, 52, 56
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The EMC Report fails to recognize the potential effect of the Initiative finding in paragraph 13 of Section 2. The second and third paragraph under the heading “General Plan” should be replaced with the following (edits underlined):

The Specific Plan proposes new sensitive land uses (e.g., neighborhood center, medical facilities, commercial businesses) that could be sited immediately adjacent to TriCal, Inc.’s agricultural fumigant facility located on Highway 25. The proposed Pajaro River Park is also near the TriCal facility. General Plan Policy HS-6.9 states that “a buffer shall be maintained” between new sensitive land uses and industrial facilities such as the TriCal plant that handle hazardous chemicals. General Plan Policy HS-6.9 also provides that certain factors must be considered in connection with establishing the required

buffer, such as the degree of hazard, the Risk Management Plan, the Emergency Response Plan on file with the County, consultation with the Fire Marshall and County Environmental Health, and continued operation of the TriCal facility.

However, the Specific Plan does not discuss the factors set forth in HS-6.9 nor does it establish or maintain a buffer between the new proposed sensitive land uses and the TriCal facility. Section 2, paragraph 13 of the findings included in the initiative states:

"The provisions of this Initiative, including the adoption of the Specific Plan, the uses permitted in the Specific Plan Area, and the location of those uses in relation to each other and to existing neighboring agricultural, industrial, and/or commercial uses (including but not limited to facilities that conduct bulk-scale receiving, unloading, handling, blending and/ or loading of industrial and/ or agricultural chemicals regulated as potentially hazardous by state and/or federal environmental protection agencies), are in the public interest and are consistent with the General Plan, as amended by this Initiative."

Accordingly, an internal inconsistency may exist between the proposed initiative General Plan amendment finding quoted above and General Plan Policy HS-6.9. (Gov. Code § 65300.5.) Under Government Code section 65454 "[n]o specific plan may be adopted or amended unless the proposed plan or amendment is consistent with the general plan." Without incorporating a buffer adopted by the Board of Supervisors pursuant to Policy HS-6.9, the specific plan may be inconsistent with this policy in the general plan. A finding of consistency with the General Plan must be made to approve any subdivision map for the SVIP project (Gov. Code § 66473.5).

3. Traffic Congestion and Road Access – Inadequately supported conclusion that Betabel access is likely to be infeasible

pages 7-8, 58 - 59

EMC failed to perform adequate due diligence to determine the applicant's access rights and existing condition of Y Road, raising the unsupported specter that Hwy 25 could as a result be the primary access with concomitant traffic congestion. The first five paragraphs of this section should be deleted and replaced with the following:

ROAD ACCESS

The Initiative states that US 101 will be the primary road access to the project site to minimize traffic impacts to Highway 25. The Initiative also proposes using an existing farm road to Highway 25 for emergency access and building and connecting an additional new road to Highway 25 at some unknown date in the future.

Section 3.3.2. Off-Site Transportation Improvements of the SVIP-Specific Plan (page F-45 of the Initiative) includes the statement:

"To the extent that providing access or constructing these improvements necessitates securing any interests in off-site property not owned by the Project Applicant(s), such interests shall be secured by way of agreement with the owner(s) of such property or by way of any alternative means authorized by applicable law. It is the Project Applicant(s)' responsibility to secure such agreement or any alternative thereto."

One alternative means could be for the project developer to request the County to acquire additional right-of-way through eminent domain at the applicant's expense.

Primary Access The Specific Plan identifies the Betabel/Y Road connector as its primary access point from US101 into and out of the proposed project, a distance to the main project area of about .9 mile, According to Parcel Map 404-78 recorded in Book 4 of Parcel Maps, page 36, June 25, 1978, describing parcel of land owned by the applicant on which at least a portion of Y Road is located that connects with US 101 as the primary entrance to the Specific Plan (APN 013-110-007) varies from as much as about 320 feet down to about 80 feet. Another .2 mi. portion of Y Road south of an existing access gate to the Betabel interchange appear to be within the CalTrans right-of-way for U.S. 101. The width of the existing Y Road is approximately 20', sufficient for two pickup trucks to pass one another.

The SVIP plan calls for Y Road to be improved with two 11' travel lanes and an 8' wide bicycle and pedestrian path within a 50' wide right-of-way. (Figure 3.5 Collector Road A, p. F-42.) These improvements are less than current County road standards for access to a development of this size and scope. A number of site constraints, including unstable slopes and drainage improvements could make these improvements difficult and expensive. About a two- mile segment of the Y Road extension within the project area would be constructed within the 100-year flood plain area reserved for agricultural use.

Potential Future Connection to Hwy 25 The applicants hold two 60' wide access and utility easements north of the project area that connect to Hwy 25. Development of either one would require obtaining a railroad grade crossing permit from the California Public Utilities Commission, which may be difficult and expensive. Development of the southerly access to Hwy 25, referred to in the SVIP Plan as the Frazier Lake Road Extension (Table 3-2 Project Applicant(s) Provided Roadway Improvements, p. F-46) would require acquisition of additional right-of-way to make a direct connection to Hwy 25 in alignment with an unimproved farm road. This is not the primary planned entrance and exit to the project.

4. Consistency with County General Plan – Inapplicability of New Community Study Area Policies to the SVIP-SP Initiative pages: 13 – 16, 17 – 19, 57

A fundamental flaw of the analysis in the Report is a failure to recognize that the SVIP-SP initiative amends the General Plan to remove the 2,777-acre SVIP plan area from the 11,667-acre Bolsa New Community Study Area to establish a new type of commercial and industrial zone, which is to be judged on its own merits, not with policies created to evaluate new mixed-use self-sustaining predominantly residential developments. Put more simply, the SVIP Initiative reduces the size of the Bolsa New Community Study Area by about 24%. Yet the report persists in citing many General Plan policies which are simply not applicable. Other General Plan policies of questionable relevance have also been included, or their relevance has not been explained in the report (e.g. LU- 7.1, which states, “The County shall protect historic communities and structures by requiring new or remodeled development to respect their architectural and historical significance,” which simply does not apply to the SVIP area.

5. Discussion of County’s Ability to Attract and Retain Business and Employment page 30

The following two sentences in the Report discount the possible economic benefit of the Project, because the Report assumes that economic development will occur elsewhere in San Benito County if it does not occur at Strada Verde:

- (1) Thoroughfare Commercial Nodes near the County airport would have the capacity to support over 700,000 sq. ft. of office and R&D uses. Therefore, the first 700,000 sq. ft. of

industrial and office R&D that occurs at Strada Verde **will not be a net gain** to San Benito County but rather a shift of development from one location in the County to another, and

(2) Similarly, the market projections show potential demand for as many as six new hotels in the County by 2035; however, the Commercial Nodes already designated in the County General Plan have capacity to support 11 hotels in the unincorporated area. This includes at least one hotel at the Betabel Road interchange that would be the main highway access for Strada Verde, as well as hotels at the three other interchanges along US 101. Therefore, due to their distance from the freeway, the two hotels proposed in Strada Verde **would not be in demand.**

It would be more appropriate to note that development at EITHER location **would be a net gain** to the County. The Report also could correctly note that limited market demand may not support economic development at both locations.

Likewise, instead of saying the two hotels proposed at Strada Verde **would not** be in demand, it would be more accurate to say:

- “if other hotels are constructed in the County, the hotels proposed at Strada Verde may not be in demand because of their distance from 101, or:
- “if other hotels are constructed in the County, the hotels proposed at Strada Verde may not be in demand because of their distance from 101 until such time the project is fully constructed.)

6. Tone of the Report

The Report occasional makes unqualified categorical conclusions, when more nuanced statements would be more balanced. Example sentences follow:

- “Even if the AV facility were successfully developed, that facility **lacks any attributes** that would attract warehouses and data centers to the Specific Plan area.” (perhaps substituting the term “synergistic” for “any” would be more fair).
- “Although the Specific Plan references different possible ways to reduce traffic congestion, the specific large-scale, **big-box** industrial projects proposed by the Initiative make it unlikely that a substantial number of people would walk or bicycle or carpool to the project site.” Compare the above sentence with:
 - “The project is not located close to any residential developments. Therefore, it is unlikely that a substantial number of people would walk or bicycle or carpool to the project site.”
- “The vast majority of the project as proposed is distribution warehouse and fulfillment centers (85% - 90%), all likely requiring low to mid-skilled labor rather than high-paying jobs.”
 - First, this is factually inaccurate. The project does not propose warehouse and fulfillment centers as 85-90% of the project. A variety of businesses could be developed within the Specific Plan Area. Compare the above sentence with:
 - The businesses to operate in the Specific Plan could be a wide range of listed businesses. If warehouses and fulfillment centers are developed as the majority

of the project, which is possible, then those types business largely require low to mid-skilled labor or:

- The businesses to operate in the Specific Plan could be a wide range of listed businesses. Warehouses and fulfillment centers tend to require low to mid-skilled labor. The ability of the project to attract higher skilled and higher paid positions, such as research, development, or technology is unknown at the present time.
- “To date, major fulfillment centers have been located in Patterson and Tracy along with the I-5 corridor.” Compare the above sentence with:
 - To date, **most** major fulfillment centers have been located in Patterson and Tracy along the I-5 corridor, **but recently a fulfillment center was constructed adjacent to Highway 101 in Morgan Hill.**

CORRECTED FINAL REPORT

August 17, 2020

Election Code 9111 Evaluation of the Strada Verde Initiative

Prepared for:

San Benito County



Prepared by:

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MEMO

TO: Harry Mavrogenes
FROM: Doug Svensson, AICP
DATE: August 17, 2020
SUBJECT: Corrected Final 9111 Report for Strada Verde

As you know, we submitted our final Elections Code report on Friday, August 14, 2020. That final report incorporated many rounds of comments from County staff. After delivering our final report, we received additional comments concerning factual issues bearing on the fiscal analysis from County Counsel Barbara Thompson, with a note that Joe Paul Gonzales, County Clerk Recorder and Auditor, would be reviewing the comments to ensure they were accurate.

I spoke with Mr. Gonzales this morning. I am attaching a corrected version of the final report that addresses all comments received from Ms. Thompson to date on the fiscal analysis.

We thank the County for this opportunity and please use the attached corrected version for all purposes.

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EXECUTIVE SUMMARY

INTRODUCTION

Pursuant to California Elections Code section 9111, this report evaluates the Strada Verde Innovation Park Voter Initiative ("Initiative"). Section 9111 calls for a report that addresses the Initiative's potential impacts on matters that include:

- (1) Fiscal impact.
- (2) Consistency with the county general plan.
- (3) Effect on the use of land, the impact on the availability and location of housing, and the ability of the county to meet its regional housing needs.
- (4) Funding for infrastructure of all types, including, but not limited to, transportation, schools, parks, and open space. The report may also discuss whether the measure would be likely to result in increased infrastructure costs or savings, including the costs of infrastructure maintenance, to current residents and businesses.
- (5) The ability to attract and retain business and employment.
- (6) Uses of vacant parcels of land.
- (7) Agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization.

DESCRIPTION OF THE INITIATIVE

The Initiative was submitted to San Benito County ("County") and approved for the collection of voter signatures on May 29, 2020. This citizen's initiative measure would approve the Strada Verde Innovation Park Specific Plan ("Specific Plan") for the development of a project ("Strada Verde") on about 2,777 acres located in an unincorporated area of northwest San Benito County, east of US Route 101 ("US 101") and the Pajaro River and southeast of State Route 25 ("Highway 25") and the Union Pacific Railroad tracks, and make certain amendments to the County's General Plan and Zoning Ordinance. The Specific Plan area is approximately seven miles south of Gilroy and nine miles northwest of Hollister.

INITIATIVE PURPOSE

The project applicant for Strada Verde is Bristol SB LLC. According to its sponsors, adoption of the Initiative by the voters would result in the following:

- Expand and diversify the regional economy by providing a home for a new technology-based employment center, thereby providing additional opportunities for new County tax revenue;
- Create over 18,000 direct, indirect, and induced construction jobs estimated over several years;

- Generate more than 5,500 direct, indirect, and induced permanent new jobs in the County and improve the County's jobs-housing balance;
- Pay its own way so that the project provides needed benefits, without burdening San Benito County taxpayers;
- Minimize traffic impacts to State Route 25;
- Create a new park along the Pajaro River; and
- Maintain 562 acres for agriculture.

SPECIFIC PLAN

LAND USES

The Specific Plan includes the following land uses (acreages and building square footage are approximate):

- Up to 455 acres with 750,000 square feet of light industrial and office development;
- Up to 261 acres with 5,800,000 square feet of e-commerce logistics and distribution development;
- Up to 31 acres with 115,000 square feet of business center, retail, hospitality, and civic development;
- Up to 831 acres for automotive testing facilities;
- 209 acres of open space and park;
- 562 acres of agricultural preserve;
- 265 acres of greenway channels for drainage; and
- 163 acres occupied by street and drainage infrastructure.

GENERAL PLAN AND ZONING AMENDMENTS

The Initiative seeks to amend the San Benito County 2035 General Plan ("General Plan") as follows:

- Adds "Strada Verde Innovation Park Specific Plan (SVIP-SP)" to Table 3-1. Land Use Designations and Standards;
- Adds Strada Verde Innovation Park Specific Plan (SVIP-SP) designation to approximately 2,777 acres on Figure 3-1: Land Use Diagram (Countywide)," amended from Agriculture (A) (2,269 acres) and Rangeland (R) (275 acres);

- Corresponding land use changes to Figure 3-4, Wine/Hospitality Priority Area, Figure 3-5, Commercial and Industrial Nodes, and Figure 3-6, New Community Study Areas;
- Corresponding land use changes to Figure 7a, San Benito County Land Use Districts and Figure 7b, Northern San Benito County Land Uses; and
- Removal of the Shore Road extension from Figure 6-1, Circulation Diagram (San Benito County Roadway Classifications), and Figure 6-2: Circulation Diagram (Hollister and San Juan Bautista Roadway Classifications).

Land Use Planning by Initiative in California

Article II, Sections 1 and 11 of the California Constitution and implementing statutes in the Elections Code guarantee the right of the voters to adopt local legislation, including general plans, zoning ordinance amendments, and specific plans through the initiative process (*DeVita v. County of Napa* (1995) 9 Cal. 4th 763.) Land use measures adopted through initiative are not required to comply with the consultation, notice and public hearing processes before the Planning Commission and Board of Supervisors specified by the Planning and Zoning Law, Government Code §§ 65000, et seq. Unless otherwise specified in the initiative measure itself, land use measures adopted through initiative may only be amended by the voters (Elections Code § 9125.) The Strada Verde initiative measure provides that amendments may only be made by the voters for the first 20 years after it becomes effective.

Environmental review under the California Environmental Quality Act ("CEQA" Pub. Res. Code §§ 21000, et seq.) is not required for land use initiatives (*Tuolumne Jobs & Small Business Alliance v. Superior Court* (2014) 59 Cal.4th 1029.) Under the proposed Specific Plan, many uses would be allowed by right and could be developed without additional discretionary approvals and thereby avoid environmental review. While future discretionary approvals may trigger CEQA review, approval of the Initiative would likely limit the scope of any potential future environmental review and constrain the County's ability to impose any mitigation that would be inconsistent with uses approved by the Initiative.

SECTION 9111 FINDINGS AND CONCLUSIONS

Following are the findings and conclusions of this report for each of the matters referenced in Section 9111 of the California Elections Code.

FISCAL IMPACT

This fiscal analysis analyzes the fiscal impact on the County as a legal entity, and on other governmental entities within the County. Revenue is derived from property taxes, sales taxes and various other smaller sources and is estimated to total \$10.7 million for the County General Fund (see summary table below and full analysis in Table 14. This is offset by estimated expenses of \$2.8 million, for an overall net revenue of \$7.9 million per year.

REVENUES	Total
Base Property Tax	\$1,181,041
County Fire Property Tax	\$260,920
VLF Prop Tax	\$864,466
Sales Tax	\$5,192,363
Sales Tax: Public Safety	\$2,596,182
Transient Occupancy Tax	\$427,050
Business Tax (Meas. H)	\$23,699
Charges for Service	\$68,040
Fines/ Forfeitures/Penalties	\$21,950
Franchises	\$20,349
Use of Money & Property	\$36,917
Other Revenue	\$33,067
Total Revenue	\$10,726,043

Overall annual revenue to the governmental agencies shown below totals \$23.3 million at full buildout of Strada Verde. Most of the agencies would receive property taxes, while the County General Fund would receive a range of various revenues as shown above. Strada Verde is also estimated to generate nearly \$6.5 million per year in additional sales taxes through Measure G and other allocations that would be administered by the Council of San Benito County Governments for use in funding transportation projects.

Agency	Amount	Description
San Benito County and County Fire	\$10,726,043	Property tax, Sales and Other revenue (see above)
SBC Water District	\$34,877	Property tax
San Juan Cemetery	\$199,793	Property tax
San Benito Health Care District	\$237,784	Property tax
Aromas San Juan School District	\$6,359,820	Property tax - Per the office of education, because this school district is already basic aid school district, this revenue would not be offset by reductions in state funding.
Gavilan College	\$920,073	Property tax
Office of Education	\$362,505	Property tax
Council of Governments	\$6,490,000	Sales tax
Total County:	\$23,359,928	

The County and COG also would be expected to receive one-time use taxes (similar to the sales tax) on the value of the construction materials used to build the project. It is estimated these use taxes would total about \$18.1 million, spread over the ten-year construction period, or an additional \$1.8 million for ten years.

INFRASTRUCTURE FUNDING

If Strada Verde is developed, the County and the school districts would receive one-time development impact fees in addition to the annual fiscal impacts discussed above. These fees would contribute funding to County facilities for criminal justice, fire protection, information technology, law enforcement, road maintenance and traffic capacity impacts, as well as helping to fund new schools in the County. The maximum impact fee revenue from the Initiative would be \$44.6 million, which would be paid over the estimated ten year construction period.

CONSISTENCY WITH COUNTY PLANS

General Plan

A list of the consistencies and inconsistencies between the proposed Specific Plan and the General Plan are discussed in Section 5 of this report.

Broadly stated, the General Plan seeks to promote responsible development and economic growth within the County and in a manner that appropriately protects the health and safety of residents. The Initiative's Specific Plan proposes a suburban industrial park that could further some of the General Plan's economic policies. See e.g., General Plan Policies ED-3.1 and ED-3.2.

The Specific Plan proposes new sensitive land uses (e.g., neighborhood center, medical facilities, commercial businesses) immediately adjacent to TriCal, Inc.'s agricultural fumigant facility located on Highway 25. General Plan Policy HS-6.9 states that "a buffer shall be maintained" between new sensitive land uses and industrial facilities such as the TriCal plant that handle hazardous chemicals. General Plan Policy HS-6.9 also provides that certain factors must be considered in connection with establishing the required buffer, such as the degree of hazard, the Risk Management Plan and the Emergency response Plan on file with the County.

However, the Specific Plan does not discuss the factors set forth in HS-6.9 nor does it establish or maintain a buffer between the new proposed sensitive land uses and the TriCal facility. Accordingly, an inconsistency exists between the proposed Specific Plan and the General Plan. Under Government Code section 65454 "[n]o specific plan may be adopted or amended unless the proposed plan or amendment is consistent with the general plan."

ABILITY OF THE COUNTY TO ATTRACT AND RETAIN BUSINESS AND EMPLOYMENT

According to the Specific Plan, the proposed project would be developed in multiple phases. The first phase would consist of an autonomous vehicle test center and related facilities (AV Facility). The AV Facility would represent up to 5% to 10% of the overall project square footage. The Initiative sponsors state that successful development of the AV Facility would act as a catalyst to attract other business users for the development and buildout of the entire project. The vast majority of the project as proposed is distribution warehouse and fulfillment centers (85% - 90%), all likely requiring low to mid-skilled labor rather than high-paying jobs.

As to the AV Facility, while the San Francisco Bay Area is home to many companies that are in various stages of research, development and testing of autonomous vehicle driving, none are located within 30 miles of the Specific Plan area. This likely would seriously limit the AV Facility's ability to attract anchor tenants to this site because most major users want testing done in close proximity to the location of their engineering teams. And potential anchor tenants are not likely at this time to move their engineering and technical staff to a location in San Benito County. For example, Lyft recently leased 13 acres at a pre-built testing facility in East Palo Alto, a 10-minute drive from Lyft's research and development offices in Palo Alto. Although not impossible, convincing an AV company to locate its testing facilities 35-50 miles from where its engineers are located would present serious challenges. Based on our research, potential anchor tenants already have convenient access to existing and affordable testing facilities. (e.g., \$600 per day for an entire facility). In addition, given the rapid development of the technology, some testing occurs virtually, and some jurisdictions allow for testing on public roads with few restrictions, minimizing the need for private testing facilities.

Even if the AV facility were successfully developed, that facility lacks any attributes that would attract warehouses and data centers to the Specific Plan area.

Turning to the ability to attract distribution/fulfillment centers to San Benito County, entities that operate such businesses must strategically select the location of a new facility. Location is the primary consideration. Fulfillment center locations are commonly chosen to: (1) lower shipping costs and (2) lower shipping times. To achieve those goals, companies often select fulfillment center locations based on gaps in their pre-existing network, specifically focusing on the geographic distribution of their customers, and how easily accessible new fulfillment locations would be from key highways. To date, major fulfillment centers have been located in Patterson and Tracy along the I-5 corridor. This facilitates shipment of goods in from major ports for distribution to the Bay Area, while offering much lower land and labor costs. While a location in San Benito County is a possibility, locations in Merced County would be more consistent with past experience in this sector.

The Specific Plan also seeks to attract data centers to the proposed site. Based on our research, the lack of existing infrastructure (e.g., fiber optics) and competitive electricity prices will result in low demand from data center users. For example, although PG&E is the electric utility provider for the majority of the Silicon Valley, Silicon Valley Power is the electric utility provider for many data centers in the region. This is an important consideration for data center owners and operators because of the differences in power rates. PG&E's power rates can be 25%-40% higher than the rates charged by Silicon Valley Power.

On the other hand, if portions of the project are developed, the Specific Plan would add to the supply of non-residential land in San Benito County. However, market projections prepared for this report indicate that the combined demand for employment generating land uses, including light industrial, distribution, office and R&D space total about 820,000 sq. ft. by 2035. This projection exceeds AMBAG projections and other third-party employment projections for San Benito County, but it is based on a more detailed analysis of technology job potential. However, the 820,000 sq. ft. is about 12.5 percent of the full buildout capacity of Strada Verde for these uses. Moreover, EMC Planning Group has estimated that the

Thoroughfare Commercial Nodes near the County airport would have the capacity to support over 700,000 sq. ft. of office and R&D uses. Therefore, the first 700,000 sq. ft. of industrial and office R&D that occurs at Strada Verde will not be a net gain to San Benito County but rather a shift of development from one location in the County to another.

Similarly, the market projections show potential demand for as many as six new hotels in the County by 2035; however, the Commercial Nodes already designated in the County General Plan have capacity to support 11 hotels in the unincorporated area. This includes at least one hotel at the Betabel Road interchange that would be the main highway access for Strada Verde, as well as hotels at the three other interchanges along US 101. Therefore, due to their distance from the freeway, the two hotels proposed in Strada Verde would not be in demand.

EFFECT ON THE ABILITY OF THE COUNTY TO MEET ITS REGIONAL HOUSING NEEDS

General Plan Housing Element Policy HOU-2I states that the County shall ensure that there is sufficient land zoned for a variety of housing types, residential densities and housing prices that will meet the needs for projected growth while providing flexibility on the identification of housing sites (San Benito County Housing Element p. 5-64). The General Plan identifies the area subject to the Initiative as being within the Bolsa New Community Study Area where mixed, self-contained development could occur, including residential development. Approving the Initiative would preclude residential uses within the Specific Plan area. The Initiative would prevent residential development in approximately 24 percent of an area specifically identified in the General Plan for potential mixed-use development that could potentially include residential uses. Whether or not this would preclude the County from meeting its regional housing need cannot be determined at this time.

TRAFFIC CONGESTION AND ROAD ACCESS

According to the Specific Plan, the primary ingress and egress to the project site would be a new road connecting the southwestern corner of the Specific Plan area to the Betabel interchange located on US 101.

The Initiative states that US 101 needs to be the primary road access to the project site to minimize traffic impacts to Highway 25. The Initiative also proposes using an existing farm road to Highway 25 for emergency access and building and connecting an additional new road to Highway 25 at some unknown date in the future. However, the Initiative acknowledges that the project applicant(s) and the owners of the Specific Plan area may not own enough property to create a sufficient right of way width needed to connect to US 101 or own property to connect the new road to Highway 25. Section F-45 of the Initiative states “[t]o the extent that providing access or constructing these improvements necessitates securing any interests in off-site property not owned by the Project Applicant(s), such interests shall be secured by way of agreement with the owner(s) of such property or by way of any alternative means authorized by applicable law.” It is our understanding that the width of the land that connects with US 101 as the primary entrance to the Specific Plan varies from 150 feet down to 40 feet. Further, it is our understanding that the project applicants do not own the proposed southern connection (Frasier Lake Road extension) to Highway 25 it is also not clear what rights the project applicants may have to cross the Union Pacific Right of Way or any properties owned by others.

The Specific Plan identifies the Betabel/Y Road connector as its primary access point into and out of the proposed project, which would require expanding the existing one-lane farm road. The Specific Plan references a maximum 50 foot right-of-way width for the Betabel Road connector to accommodate the majority of traffic into and out of the project site, including large construction-related vehicles during Specific Plan development, semi-trucks to accommodate the proposed distribution and fulfillment facilities once completed, emergency access vehicles and all visitors, customers and employees of the completed project.

The required Betabel/Y Road would be a three plus-mile connector road to US 101. As part of the expansion of that road, a significant portion the road would require retaining walls ranging somewhere between five to ten feet due to the unstable geotechnical nature of the hillside directly adjacent to this area (i.e., significant landslide areas). Much of the retaining walls also would require significant grading and substantial steel tiebacks to anchor the walls, requiring sufficient land ownership in this area to accommodate the primary entry to the Specific Plan Area. In addition, large portions of the Betabel/Y connector road would need to be constructed in the floodplain. Although not a limiting factor on its own, the Specific Plan does not address the impact of the floodplain on the viability of the road access to US 101. Because the project applicant(s) may not own sufficient land needed to connect the project site to US 101 and due to potential technical, geological, and environmental considerations, the proposed primary entry to the Specific Plan area may not be feasible.

Given the potential infeasibility of sufficient width of the access road needed to connect US 101 to the Specific Plan area, the other potential access point to the Specific Plan area is Highway 25. The conceptual site plans in the Initiative identify one possible new road for connecting to Highway 25 that might be built at some unknown date in the future. However, if Highway 25 were the primary entry to the Specific Plan area, substantial additional traffic and congestion would be added to Highway 25, thereby increasing commute times for County residents.

The Specific Plan proposes an isolated suburban industrial park with no neighboring or inclusive uses that could be reasonably expected to reduce the traffic to and from such an isolated industrial location. The Specific Plan would try to encourage incorporation of modern technologies to minimize vehicle trips within and outside of the Specific Plan area. For example, the Specific Plan states that its proposed circulation network would encourage walking, and bicycling, and it references masstransportation with walkable streets, bicycle paths and lanes, and connections to the regional mass transit system and possible partnerships with transportation companies to provide options for travel to the nearby Gilroy Transit Center. The Specific Plan would include a transit hub, services to be provided by the San Benito Express, where alternative mobility will connect the proposed commercial land uses with Hollister and outlying areas. According to the Specific Plan, this transit hub would ease traffic congestion by reducing the number and length of automobile trips. The proposed Specific Plan also anticipates an Area Transportation Demand Management program to encourage environmentally friendly travel behavior choices; for example, the program would inform the employees working within the Specific Plan area on methods of meeting their transportation needs by carpooling, using transit, or travelling at different times. Ridesharing opportunities for employees within the development area could reduce the secondary effects of development, including traffic congestion.

Although the Specific Plan references different possible ways to reduce traffic congestion, the specific large-scale, big-box industrial projects proposed by the Initiative make it unlikely that a substantial number of people would walk or bicycle or carpool to the project site. However, the County has an imbalance of jobs to housing, which results in a significant out-commute to the jobs-rich Silicon Valley area, and traffic congestion on regional highways. Development of the proposed projects would create jobs within the region, which might reduce the need for County residents to commute to outlying areas. However, it could also draw new commuters from outside areas to the industrial park.

AGRICULTURAL LANDS

San Benito County comprises about 890,000 acres, about 75 percent of which is agricultural. The General Plan EIR identified certain acreages of Prime, Important, and Unique farmland within the County that it anticipated would be converted to other uses. While new development on certain farmlands is constrained by the General Plan, some urbanization may occur on prime farmland, unique farmland, and farmland of statewide importance. Implementation of the Initiative would result in the approval of a Specific Plan that would allow for commercial development on agricultural land.

The Specific Plan area includes approximately 2,777 acres of unincorporated area in the northwestern portion of the County. The County's General Plan designates approximately 2,629 acres of the Specific Plan area as Agriculture (A) and approximately 275 acres as Rangeland (RG) and the County's Municipal Code designates the Specific Plan area as Agricultural Productive (AP) and Agricultural Rangeland (AR) see [Table 15, Existing General Plan Land Use Designations](#).

However, adoption of the Initiative would change the land use and zoning designations in the Specific Plan area to those that align with the proposed Specific Plan's intentions. The implementation of the Specific Plan is anticipated to convert over 1,500 acres of County-designated agricultural land into predominately industrial and commercial uses (see [Table 16, Proposed Strada Verde Specific Plan Land Use Designations](#)). The Specific Plan also proposes development within the approximate 1000-acre floodplain. While 600-800 acres of the Specific Plan area near the Pajaro River consists of active organic farming located largely within the floodplain area, the Specific Plan would allow a portion of the floodplain to be developed into a park.

Approximately 379 acres within the Specific Plan area are classified by the California Department of Conservation as Farmland of Statewide Importance, approximately 537 acres is classified as Prime Farmland (near the Pajaro River and on the southern end of the Specific Plan area), and 50 acres along the western edge bordering the Pajaro River is classified as Unique Farmland. The Specific Plan would require the preservation of 562 acres of agricultural land including approximately 311 acres of the 537 acres of Prime Farmland (see [Table 17 California Department of Conservation Important Farmland Acreages within Specific Plan Area and Figure 3, Important Farmland Map](#)).

However, 226 acres of Prime Farmland would be designated in the Specific Plan for urban uses. The Specific Plan itself does not provide for adequate preservation of Prime Farmland (equal to the 226 acres that will be lost to urban conversion) to meet the 1:1 preservation ratio envisioned by the General Plan for Prime Farmland with Class One Soils. The Specific Plan states that approximately 537 acres of the Specific Plan area has been designated as Prime Farmland, but that actual farming practices over the past 20 years have not supported such uses, particularly in the central and western portions of the Specific Plan area. Historical time series images on Google Earth do not support the assertion that the central and western portions of the Specific Plan have been farmed in that manner.

INTRODUCTION

This report evaluates the Initiative. It has been prepared pursuant to California Elections Code section 9111, which specifies that the Board of Supervisors may authorize a report on voter initiatives that addresses matters that include:

1. Its fiscal impact.
2. Its effect on the internal consistency of the county's general and specific plans, including the housing element, the consistency between planning and zoning, and the limitations on county actions under Section 65008 of the Government Code and Chapters 4.2 (commencing with Section 65913) and 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.
3. Its effect on the use of land, the impact on the availability and location of housing, and the ability of the county to meet its regional housing needs.
4. Its impact on funding for infrastructure of all types, including, but not limited to, transportation, schools, parks, and open space. The report may also discuss whether the measure would be likely to result in increased infrastructure costs or savings, including the costs of infrastructure maintenance, to current residents and businesses.
5. Its impact on the community's ability to attract and retain business and employment.
6. Its impact on the uses of vacant parcels of land.
7. Its impact on agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization.

Chapter 1 discusses the General Plan and commercial nodes and new community study areas descriptions, locations, definitions, and relevant General Plan policies. Chapter 2 describes the Initiative and its key provisions. Chapter 3 discusses the ability to attract the Strada Verde businesses and market projections of the likely timing of the Strada Verde development. Chapter 4 provides a fiscal impact analysis of the Initiative, including the impact to services and infrastructure. Chapter 5 discusses the consistency of the Initiative with the General Plan and Zoning. Chapter 6 addresses the effects of the Initiative on the County's ability to meet its regional housing needs, and Chapter 7 discusses traffic congestion and road access. Chapter 8 addresses agricultural and open space land preservation.

1. GENERAL PLAN DIRECTION

This section presents excerpts from the General Plan.

2035 VISION FOR SAN BENITO COUNTY

At pace with the changing world, but still rural in nature, our vision of San Benito County in 2035 is of a positive and prosperous future, in which balance has been attained between business and residential growth without surrendering our rich natural resources, valuable agricultural assets, active country character, or our historic heritage. To this end, the General Plan policies are flexible to enable San Benito County to maintain this important balance to foster a positive and prosperous future.

Neighborhoods, parks and public lands, business districts, and job centers are linked to one another by a sensibly-sized, well-maintained transportation network, suitable for foot, bicycle, auto, bus, or sometimes horse. Connection to distant destinations is readily available by auto, bus, train, or plane, or by way of enhanced virtual telecommunications.

Established local businesses, not just the buildings they inhabit, are understood to be important foundations to thriving prosperous downtowns. To ensure continued relevance of the downtowns, infill development containing compatible enterprises is supported. Visitors find ample retail and dining prospects, welcoming accommodations, and unmatched outdoor recreational opportunities.

The county continues to widen the spectrum of business and industry, enhanced educational opportunities, and broadened leisure time activities available for a population that is diverse in age, culture, education, and lifestyle. People are afforded the facilities needed for healthy lives. Environmentally-sustainable technologies are embraced, and businesses of any size are encouraged to put down roots here, hire local talent, and grow in the rich soil, clean water, beautiful climate, and rural atmosphere of San Benito County.

GENERAL PLAN GUIDING PRINCIPLES

Guiding principles are fundamental ideas that represent the County's philosophy about future change, including new development, economic growth, and sustainability. The following guiding principles expand on the main ideas contained in the vision so that important concepts are given more weight. They are also organized based on specific topics of importance to the community.

LAND USE AND COMMUNITY CHARACTER

1. Encourage new growth in existing unincorporated communities, new communities, or clustered developments in order to preserve prime farmland and rangeland, protect natural habitats, and reduce the financial, social, and environmental impacts of urban sprawl.
2. Ensure that there is a mix of residential, commercial, employment, park, open space, school, and public land uses in order to create a sense of place by supporting condensed, pedestrian accessible, and transit-oriented development.

3. Promote higher residential densities in existing unincorporated urban areas and new communities while encouraging mixed-use development.
4. Ensure new development complements and preserves the unique character and beauty of San Benito County.
5. Establish defined boundaries to separate cities and unincorporated communities from prime agricultural land and important natural resources, using such features as agriculture buffers, greenbelts, open space, and parks.

HOUSING

1. Ensure a full range of housing options are available to accommodate residents of all income levels and life situations.
2. Balance housing growth with employment growth in order to provide local, affordable housing choices so people can live and work in the county.

ECONOMIC GROWTH AND PROSPERITY

1. Expand and diversify the local economy by supporting businesses, supporting jobs for the diverse population, and capitalizing on the county's natural and human resources.
2. Support existing and establish new local businesses that are based on industries that are innovative, technology-based, and sustainable.
3. Support programs that educate the local workforce on conventional, productive, sustainable, and organic agriculture concepts; water conservation strategies; high-tech industries; and alternative energy production.
4. Support the county's growing tourism industry.

RELEVANT GENERAL PLAN POLICIES

GOAL LU-1

TO MAINTAIN SAN BENITO COUNTY'S RURAL CHARACTER AND NATURAL BEAUTY WHILE PROVIDING AREAS FOR NEEDED FUTURE GROWTH.

LU-1.1 Countywide Development

The County shall focus future development in areas around cities where infrastructure and public services are available, within existing unincorporated communities, and within a limited number of new communities, provided they meet the requirements of goal section LU-7.

LU-1.2 Sustainable Development Patterns

The County shall promote compact, clustered development patterns that use land efficiently; reduce pollution and the expenditure of energy and other resources; and facilitate walking, bicycling, and transit use; and encourage employment centers and shopping areas to be proximate to residential areas to reduce vehicle trips. Such patterns would apply to infill development, unincorporated communities, and

the New Community Study Areas. The County recognizes that the New Community Study Areas comprise locations that can promote such sustainable development.

GOAL LU-6

TO PROMOTE THE DEVELOPMENT OF NEW INDUSTRIAL AND EMPLOYMENT USES IN THE UNINCORPORATED PARTS OF THE COUNTY THAT ARE COMPATIBLE WITH SURROUNDING LAND USES AND MEET THE PRESENT AND FUTURE NEEDS OF COUNTY RESIDENTS.

LU-6.1 Employment Centers

The County shall encourage the development of visually attractive, carefully planned employment centers and industrial uses in areas with suitable topography and adequate public infrastructure, including water, sewer, and transportation access. The County shall encourage New Communities to contain employment centers as well as other uses.

LU-6.2 Employment Center Access

Where appropriate, the County shall encourage new employment centers and industrial developments near existing or future highway interchanges and major intersections and along existing or future transit, bicycle, and pedestrian and trail corridors, and include transit, bicycle, and pedestrian facilities. The County shall ensure that industrial uses and employment center developments include appropriate transit, bicycle, and pedestrian facilities.

GOAL LU-7

TO PRESERVE SAN BENITO COUNTY'S HISTORIC IDENTITY AND RURAL COMMUNITY CHARACTER.

LU-7.1 Historic Communities and Structures

The County shall protect historic communities and structures by requiring new or remodeled development to respect their architectural and historical significance.

GOAL LU-8

TO PROVIDE THE OPTION FOR NEW COMMUNITIES TO BE CONSIDERED AS A WAY OF ACCOMMODATING PLANNED GROWTH IN THE UNINCORPORATED PARTS OF SAN BENITO COUNTY.

LU-8.1 New Community Purpose

The County shall consider applications for New Communities on a case-by-case basis in order to accommodate future growth in new, balanced communities.

LU-8.2 New Community Threshold

The County shall consider any proposed development project that is a unique, self-contained new development a New Community, and as such, subject to the policies of this goal section. The Director of Planning and Building Inspection Services will have the discretion to determine which projects constitute a New Community, but they would generally be projects that cannot be developed under existing allowed residential densities, even with clustered residential incentives, and contain a variety of proposed uses, including residential, employment, neighborhood retail, as well as an emphasis on pedestrian and bicycle circulation and recreational opportunities. The County would especially like to further the development of any project that would provide significant connection to and expansion of the county and regional trail network.

LU-8.3 NEW COMMUNITY LOCATION REQUIREMENTS

The County shall only accept applications for the establishment of New Communities if:

- a. They are accessible to existing major transportation routes and corridors, such as State highways, and/or provide opportunities for public transit.
- b. They are accessible to employment centers.

LU-8.4 NEW COMMUNITY APPLICATION CONTENT REQUIREMENTS

The County shall require all project applicants for New Communities to provide the County with the following information:

- a. A Project Summary that includes: a project description, site history, discussion of the roles of the applicant and County in preparation of the Specific Plan and applicable CEQA environmental review, identification of the anticipated planning issues that will need to be addressed through the application process, and an estimated project schedule.
- b. Completed General Plan Amendment and Zone Change applications.
- c. A Specific Plan consistent with State specific plan requirements, including the location and intensity of planned land uses and circulation system. The plan should result in a more dense land use pattern than would normally be allowed under existing General Plan designations and zoning, provide the opportunity for a mix of land uses and densities (e.g., residential, commercial, mixed-use, employment generating, and public facilities), ensure access and efficient movement by multiple modes of transportation (e.g., car, transit, bicycle, and pedestrians); and provide for energy efficiency and water conservation.
- d. An Infrastructure Master Plan that identifies public and private infrastructure needs; service district or assessment area formation details; a development phasing plan; and a strategy for the installation, operations, and ongoing maintenance of infrastructure required to support the new community. The Plan should include facility designs and operation techniques that promote energy efficiency and water conservation. The plan shall be consistent with all applicable private, local, regional, State, and Federal infrastructure regulations and programs related to transportation, sewage and wastewater treatment, water quality and quantity, drainage, parks and open space, and any other public facilities, infrastructure, and services.

- e. A Fiscal Impact Analysis that includes an assessment of projected tax revenues compared to projected County service costs in order to demonstrate that the community will have a fiscally neutral or positive impact on the County and any special districts that provide services to the project.
- f. A Water Supply Assessment that demonstrates access to adequate existing and future water supply for the project.
- g. A Public Service Financing Program to ensure that upon buildout the New Community will provide or fund a full range of needed public services, including fire protection, law enforcement, parks, library, community center, and other necessary public services.
- h. A commitment to enter into a Reimbursement Agreement requiring deposits into a Trust Fund with San Benito County for all, or an agreed upon portion, of the estimated staff costs for processing the application, including the costs for preparing the applicable CEQA environmental review.

LU-8.5 Sustainable New Communities

The County shall encourage New Communities to be planned and designed to reflect the spirit and intent of sustainable growth strategies, such as providing, as appropriate to the site and scale of the proposed New Community:

- a. easy access to major transportation links, transit, and bicycle networks;
- b. a balance between jobs and housing;
- c. good internal connectivity and good connectivity to the community at large;
- d. a reduced parking footprint; a transportation demand management program;
- e. institutions such as schools within walking distance from residences;
- f. distinct, compact, walkable neighborhoods, each with a recognizable center;
- g. walkable streets with shade trees and sidewalks or walking paths;
- h. habitat avoidance and conservation plans; and
- i. restoration of resources such as riparian corridors; and permanent preservation of open space.

LU-8.6 NEW COMMUNITY INFRASTRUCTURE COMMITMENTS

The County shall require project applicants for New Communities to study and commit to the County, through a development agreement, that water, wastewater, transportation, and other necessary infrastructure needs can be provided as part of the approval of any New Community.

LU-8.7 NEW COMMUNITY PUBLIC SERVICES COMMITMENTS

The County shall require project applicants for New Communities to study and commit to the County, through a development agreement, that necessary long-term public services funding can be provided as part of the approval of any New Community.

LU-8.8 TRANSPORTATION EFFICIENCY OF NEW COMMUNITIES

The County shall encourage New Communities to be designed to maximize internal transportation efficiency through designs that minimize trip generation. Design features could include higher density residential uses near employment uses, schools, and neighborhood retail, as well as enhanced pedestrian, bicycling, and transit opportunities.

LU-8.9 CONSERVATION OF LAND

The County encourages project applicants for New Communities to use conservation techniques, such as the techniques contained in policies under Goals 3 and 4 of the Land Use Element, as an incentive to protect farmland and focus future development away from the most productive farmland. (RDR/MPSP)

LU-8.10 NEW COMMUNITY CONNECTIVITY REQUIREMENTS

To support integrated land use planning that fosters connectivity between land uses and the circulation system in New Communities, the County shall encourage the following parameters to reduce barriers to connectivity:

1. Limit the use of fences and walls around New Communities or Planned Developments, or public thoroughfares that create barriers for multi-modal travel and an integrated circulation system;
2. Design parking areas near mixed-use, multifamily, and other high-density housing planned developments to be well-connected, and to accommodate pedestrian routes, as appropriate to the context;
3. Provide multiple access points (roadways, bicycle paths through cul-de-sacs) for multimodal types of transportation (vehicular, bicycle, pedestrian) so that the new communities are well-connected and provide a comprehensive network of traffic without undue concentration;
4. Discourage sound walls within New Communities and instead encourage other design solutions to address noise issues, that may include traffic distribution across a well-connected and configured network, narrower roadways, and traffic calming measures, as appropriate to the context; and

5. Encourage additional trail and street connections between proposed New Communities and Planned Developments and established neighborhoods, as appropriate to the context.

ED-3.4 PHYSICAL AND SOCIAL INFRASTRUCTURE DEVELOPMENT

The County shall develop and maintain physical and social infrastructure as a means of attracting new businesses and investment to the county. This should include strengthening quality of life features (e.g., access to education, public facilities, urban design, public safety), providing a diversity of housing choices (e.g., workforce, executive housing), and working with telecommunication providers to expand services.

HS-6.9 SENSITIVE USES NEAR INDUSTRIAL FACILITIES

A buffer shall be maintained between new sensitive land uses (such as residential subdivisions, schools, day care centers, hospitals and parks) and commercial facilities that conduct bulk-scale receiving, unloading, handling, blending and/or loading of industrial and/or agricultural chemicals regulated as potentially hazardous by state and/or federal environmental protection agencies. The appropriate buffer shall be established on a case-by-case basis. Factors to be considered in establishing the buffer shall include: (1) the impact of development of sensitive land uses on the ability of regulated facilities to continue current operations, (2) federal and state environmental laws and regulations, (3) the degree of hazard associated with individual industrial facilities, (4) the recommendations of the County Fire Marshall and Environmental Health Department, and (5) emergency response, contingency, and other comparable plans submitted to and/or filed with federal, state, or local agencies. This buffer does not apply to fee and supply stores, hardware stores, gas stations or similar facilities that handle such chemicals in retail trade. (Adopted by County of San Benito Resolution No. 2016-92, November 8, 2016.)

NEW COMMUNITY STUDY AREAS

GENERAL PLAN TEXT DESCRIPTION

New Communities provide an opportunity for San Benito County to accommodate future growth in new, balanced communities that provide urban infrastructure and services, employment generating land uses, and institutional facilities (e.g., schools, libraries, community centers, fire stations). The creation of New Communities can provide the County with the opportunity to meet its goals of locating future growth in areas that minimize both agricultural and environmental impacts. Since infill development alone is not likely to be able to accommodate projected future population growth, New Communities may be necessary as well as desirable to accommodate the anticipated population growth in San Benito County. In addition, by minimizing the number of per capita vehicle miles traveled, New Communities can help the County lower its carbon footprint as effectively, and sometimes more effectively, than infill development.

The County recognizes that there will be different ideas, concepts, and proposals in the future for what constitutes a New Community, and that project applicants will need to design communities that meet both the County's desires and economic realities. New Communities can include a range of possibilities from new towns to mixed-use master planned communities. As such, rather than trying to define the specific components of each New Community, the policies in this goal section allow flexibility.

New Communities are typically master-planned communities. The primary reason for this is that in order to create a complete community, it is necessary to have a comprehensive plan that can be implemented sequentially over a given period of time. Typically, residential uses will develop first followed by commercial and employment uses. As such, a Specific Plan is required for all New Communities in order to create a unified project, identify land uses, densities, design standards, circulation, infrastructure, project phasing, and identify short-term and long-term project financing.

New Communities may develop and, through the Specific Plan, use a form-based code as a means of regulating development as an alternative to the standards set forth in the County zoning codes and in other subsections of the general plan or that are otherwise implemented. Typical zoning codes regulate land use uniformly, regardless of their context in relation to the adjacent land uses in a community. Form-based codes regulate a wide range of development criteria, including land use, with the goal of achieving various desirable urban forms by applying the appropriate criteria to regulate land uses in different County contexts. These criteria regulate a range of topics, including building function or use, the placement of a building on its lot, setbacks from public frontages, height, frontage requirements and access, service and parking requirements to the design of community thoroughfares, civic spaces, lighting, and landscaping. The use of form-based codes as an alternative to conventional zoning is consistent with California Government Code 65302.4, allowing communities to regulate development through form and design.

The focus of this goal section is to allow the possibility of New Communities in the future by identifying where they should be located, what application materials need to be submitted before the County considers any proposals, and the level of financial and infrastructure commitment the County will need before approving any proposals. (*Note: while the concept of New Communities is included in the 2035 General Plan, every future proposal is a stand-alone project that will need to be evaluated by the County on a case-by-case basis.*)

The purpose of identifying the New Community Study Areas is to provide the opportunity for San Benito County to accommodate some future growth in new unincorporated communities, while protecting productive agricultural lands, preserving open space, and creating a sustainable land use pattern in the county.

Land within the New Community Study Areas has been identified as potentially appropriate for more intense development for a variety of reasons, including but not limited to: proximity to existing job centers, good access to existing transportation corridors, opportunities to provide public transit, opportunities for reducing vehicle miles traveled and traffic congestion, fewer impacts to high value agricultural land, opportunities for permanent preservation of open space, and fewer impacts to environmental resources. Areas within the boundaries identified on Figure 3-6 of the General Plan have some or all of these attributes and therefore merit consideration.

The definition of a New Community is intentionally flexible in order to allow proposals for a variety of project types that would generally increase development intensity (e.g., dwelling units per acre, jobs per square foot, etc.) above the underlying land use designation. New communities should include a mix of residential, commercial, employment, parks, and open space centered around community cores.

The intent of the New Community Study Areas is to generally identify areas where the County would encourage new communities to locate on a case-by-case basis, relative to the policies of the Land Use Element; however, the boundaries of the New Community Study Areas are soft (i.e. flexible) and could be smaller or larger. New communities are also not limited to these areas and the County would consider proposals for new communities in other parts of the county so long as they are planned in accordance with the policies in this section.

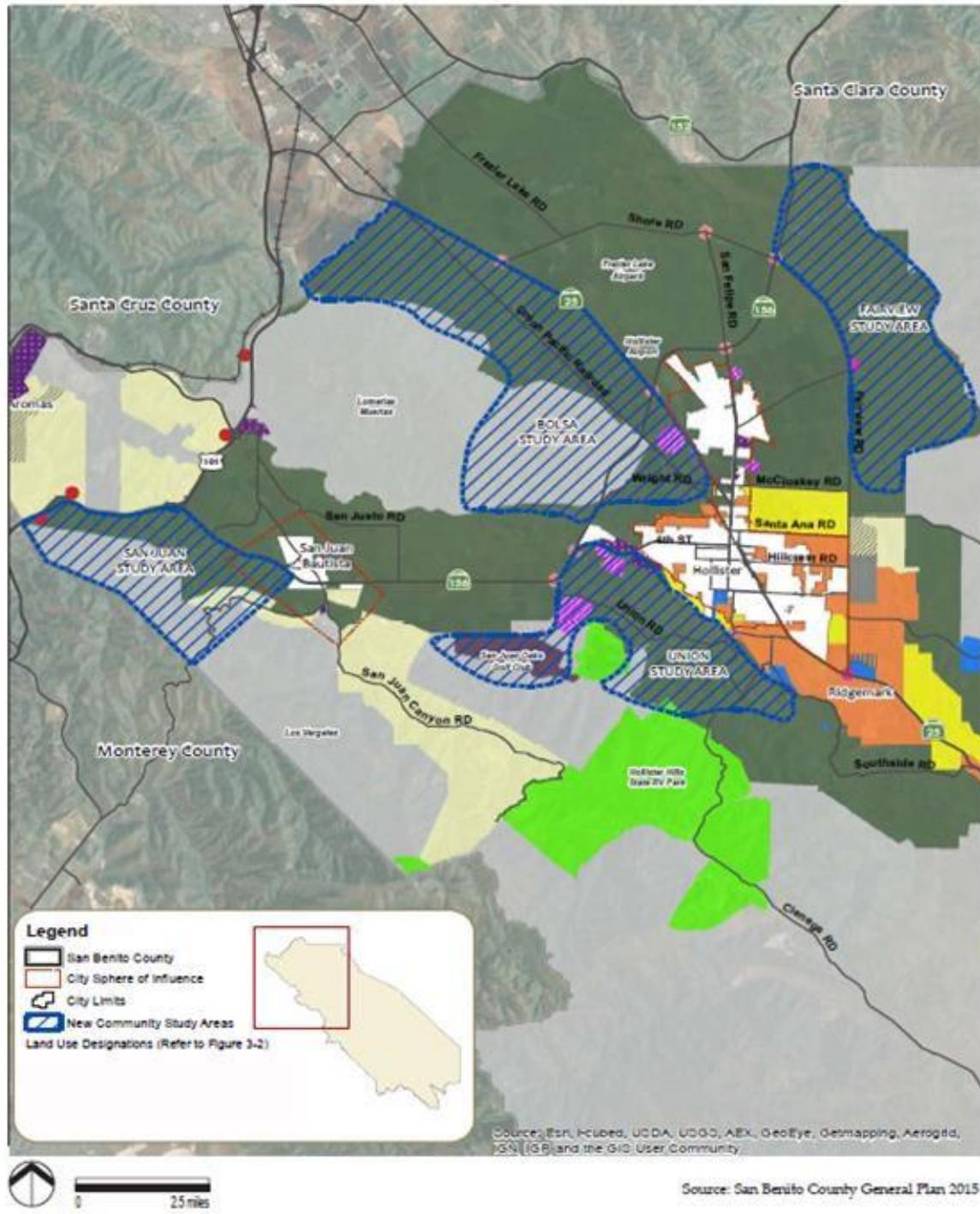
LOCATIONS

Figure 3-6 of the General Plan identifies four New Community Study Areas: Bolsa, San Juan, Fairview, and Union. The General Plan identifies the New Community Study Areas to provide the opportunity for San Benito County to accommodate some future growth in new unincorporated communities, while protecting productive agricultural lands, preserving open space, and creating a sustainable land use pattern in the County. The locations shown on General Plan Figure 3-6 are presented here as [Figure 1, Map of New Community Study Area Locations](#). The boundaries for these areas are conceptual, and no specific number of acres or development potential has been quantified for any of the study areas. Strada Verde is within the Bolsa New Community Study Area, described below.

BOLSA NEW COMMUNITY STUDY AREA

This new community study area is located in northwest San Benito County, between the Santa Clara County line to the north, a segment of Highway 25 (from the Santa Clara County line to the City of Hollister) to the east, the City of Hollister to the south, and the steeper topography of the Lomerias Muertas Mountains (Flint Hills) and San Juan Valley to the west. A segment of State Route 156 between Highway 25 and the City of Hollister's Domestic Wastewater Treatment Plant bisects the southeastern portion of the area. The area includes a 12-mile segment of the Union Pacific railroad, which travels north to south west of Highway 25. The General Plan identified this new community study area for the following reasons:

- The area has good access to three major regional transportation routes and corridors, US 101 and State Route 156 and Highway 25, which provide opportunities to attract region-serving commercial uses and to reduce vehicle miles traveled for workers commuting to jobs in other counties. The Union Pacific railroad provides an opportunity for future transit connections between the cities of Hollister, San Jose, and San Francisco, and could facilitate transit-oriented development.
- Development in the area would connect existing and future development to nearby transportation corridors, state and regional public transit, bike, and trail systems.
- The area avoids the large contiguous farmlands of the San Juan and Hollister Valleys.



E M C

Figure 1
Map of New Community Study Area Locations
Strada Verde Initiative Evaluation

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2. INITIATIVE MEASURE

OVERVIEW

The Initiative was submitted to the County and approved for the collection of voter signatures on May 29, 2020. This citizen's initiative measure would approve the Specific Plan for the development of a project on about 2,777 acres located in an unincorporated area of northwest San Benito County, east of US 101 and the Pajaro River and southeast of Highway 25 and the Union Pacific Railroad tracks, and make conforming amendments to the County's General Plan and Zoning Ordinance. The location of the Strada Verde Initiative Specific Plan is identified in [Figure 2, Strada Verde Specific Plan Location](#). The Specific Plan area is approximately seven miles south of Gilroy and nine miles northwest of Hollister.



INITIATIVE PURPOSE

The project applicant for Strada Verde is Bristol SB LLC. According to its sponsors, adoption of the Initiative by the voters would result in the following:

- Expand and diversify the regional economy by providing a home for a new technology-based employment center, thereby providing additional opportunities for new County tax revenue;
- Create over 18,000 direct, indirect, and induced construction jobs estimated over several years;
- Generate more than 5,500 direct, indirect, and induced permanent new jobs in the County and improve the County's jobs-housing balance;
- Pay its own way so that the project provides needed benefits, without burdening San Benito County taxpayers;
- Minimize traffic impacts to State Route 25;
- Create a new park along the Pajaro River; and
- Maintain 562 acres for agriculture.

DETAILED INITIATIVE DESCRIPTION

LOCATION SUBJECT TO INITIATIVE

The Specific Plan covers an area of about 2,777 acres located in an unincorporated area of northwest San Benito County, east of US 101 and the Pajaro River/County Line and southeast of State Route 25 and the Union Pacific Railroad Hollister branch line. The Specific Plan area is approximately seven miles south of Gilroy and nine miles northwest of Hollister. The Specific Plan area contains mostly agricultural uses. Additional agricultural fields are located to the southeast; the Lomerias Muertas Hills are to the south, and the Sargent Hills are located to the west of US 101.

SPECIFIC PLAN

LAND USES

The Specific Plan includes the following land uses (acreages and building square footage are approximate):

- Up to 455 acres with 750,000 square feet of light industrial and office development;
- Up to 261 acres with 5,800,000 square feet of e-commerce logistics and distribution development;
- Up to 31 acres with 115,000 square feet of business center, retail, hospitality, and civic development;
- Up to 831 acres for automotive testing facilities;
- 209 acres of open space and park;
- 562 acres of agricultural preserve;

- 265 acres of greenway channels for drainage; and
- 163 acres occupied by street and drainage infrastructure.

The Specific Plan's land use map is presented in Specific Plan Figure 3-1, Strada Verde Specific Plan Land Use Plan. Land uses are further defined and regulated in the Specific Plan's two commercial and four industrial zoning districts. As listed in Specific Plan Table 4.1, Commercial and Industrial Allowed Uses, a range of specific uses, falling within the following general categories of land uses, are allowed in one or more of the commercial and industrial zoning districts:

- Business and Professional Services;
- Hospitality and Entertainment Facilities;
- Light Industrial;
- Medical Services;
- Personal Services;
- Infrastructure/Utility/Energy;
- Recreational and Cultural;
- Retail; and
- Transportation and Communication.

The Specific Plan also lists uses for the Park and Channel Greenway areas (Recreation, Cultural, Conservation, and Infrastructure/Utility/Energy). Agricultural uses are allowed anywhere within the Specific Plan. The Specific Plan also establishes development standards for building size, height, placement, parking, signs, and lighting. With three exceptions (Biomass energy facilities and projects, community facilities and institutions including religious & charitable and bars and taverns), uses are listed as permitted and therefore do not require additional discretionary approvals, such as a conditional use permit or future general plan or zoning changes. Permitted uses do not require further review and discretionary approval by the Planning Commission or the Board of Supervisors. However, even such permitted uses may require other discretionary approvals, such as subdivision maps or other discretionary permits prior to an application for a building permit.

CIRCULATION

The Specific Plan includes the following circulation features:

- Primary entrance via Y Road from the US 101 / Betabel Road interchange;
- Secondary entrance from State Route 25 at Frazier Lake Road;
- Connecting roads within the Specific Plan;
- Emergency vehicle access connection to State Route 25 near the Pajaro River;
- Transit hub; and
- 2.4-mile trail connecting Betabel Road and State Route 25.

UTILITIES

The Specific Plan includes development of the following utilities:

- Groundwater wells drawing water from the Bolsa sub area of the Gilroy-Hollister groundwater basin;
- Water treatment and distribution system;
- Wastewater treatment/recycling plant and collection lines;
- Storm water collection, treatment, and detention facilities; and
- Gas, electricity, and communications lines.

DESIGN GUIDELINES

The Specific Plan includes design guidelines that are applicable to all development projects within the Specific Plan area. The design guidelines provide direction on the following aspects of project design:

- Building placement and orientation;
- Parking, site access, loading zones, and on-site circulation;
- Flexible architectural design;
- Façade design;
- Quality economical design;
- Roofs;
- Building materials;
- Building height and mass;
- Building corners;
- Building colors;
- Fences and walls;
- Landscaping;
- Water conservation;
- Outdoor lighting; and
- Utilities.

GENERAL PLAN AND ZONING AMENDMENTS

The Initiative amends the San Benito County 2035 General Plan as follows:

- Adds "Strada Verde Innovation Park Specific Plan (SVIP-SP)" to Table 3-1. Land Use Designations and Standards;

- Adds Strada Verde Innovation Park Specific Plan (SVIP-SP) designation to approximately 2,777 acres on Figure 3-1: Land Use Diagram (Countywide)," amended from Agriculture (A) (2,269 acres) and Rangeland (R) (275 acres);
- Corresponding land use changes to Figure 3-4, Wine/Hospitality Priority Area, Figure 3-5, Commercial and Industrial Nodes, and Figure 3-6, New Community Study Areas;
- Corresponding land use changes to Figure 7a, San Benito County Land Use Districts and Figure 7b, Northern San Benito County Land Uses;
- Removal of the Shore Road extension from Figure 6-1, Circulation Diagram (San Benito County Roadway Classifications), and Figure 6-2: Circulation Diagram (Hollister and San Juan Bautista Roadway Classifications);

The Initiative also amends Title 25 ("Zoning") of the San Benito County Code to add a new Chapter titled "Strada Verde Innovation Park Specific Plan," as follows.

Chapter 25. STRADA VERDE INNOVATION PARK SPECIFIC PLAN

ARTICLE I. GENERAL PROVISIONS

§ 25. .001 INTENT.

The intent of the Strada Verde Innovation Park Specific Plan is to allow for the build-out of a world-class employment facility, along with agriculture and park uses, that will establish a regional economic growth center in accordance with the Strada Verde Innovation Park Specific Plan.

§ 25. .002 APPLICATION OF CHAPTER.

The regulations, as set out in this chapter, shall apply to all property located within the Strada Verde Innovation Park Specific Plan Area.

ARTICLE II. STRADA VERDE INNOVATION PARK SPECIFIC PLAN

§ 25. .020 PERMITTED USES.

The following are permitted uses in the SVIP-SP district:

(A) Any use permitted in the Strada Verde Innovation Park Specific Plan.

§ 25. .021 CONDITIONAL USES.

The following are conditional uses in the SVIP-SP district:

(A) Any use identified as a conditional use in the Strada Verde Innovation Park Specific Plan.

§ 25. .022 SITE DEVELOPMENT STANDARDS.

The site development standards identified in the Strada Verde Innovation Park Specific Plan shall govern the development of property located within the SVIP-SP district.

§ 25. .023 HEIGHT AND COVERAGE LIMITATIONS.

The height and coverage limitations identified in the Strada Verde Innovation Park Specific Plan shall govern the development of property located within the SVIP-SP district.

§ 25. .024 BUILDING SETBACKS.

The building setback standards identified in the Strada Verde Innovation Park Specific Plan shall govern the development of property located within the SVIP-SP district.

ARTICLE III. DESIGN GUIDELINES

§ 25. .030 DESIGN GUIDELINES.

The design guidelines identified in the Strada Verde Innovation Park Specific Plan shall govern the overall building and site design of property, the development of land uses, mobility and parking, and signage within the SVIP-SP district.

ARTICLE IV. CIRCULATION

§ 25. .040 CIRCULATION

The circulation standards identified in the Strada Verde Innovation Park Specific Plan shall govern the development of property located within the SVIP-SP district.

ARTICLE V. INFRASTRUCTURE AND PUBLIC SERVICES

§ 25. .050 INFRASTRUCTURE AND PUBLIC SERVICES.

The infrastructure and public service standards identified in the Strada Verde Innovation Park Specific Plan shall govern the development of property located within the SVIP-SP district.

ARTICLE VI. PARKS AND LANDSCAPING

§ 25. .060 PARKS AND LANDSCAPING

The parks and landscaping standards identified in the Strada Verde Innovation Park Specific Plan shall govern the development of property located within the SVIP-SP district.

ARTICLE VII. RESOURCE MANAGEMENT.

§ 25. .070 RESOURCE MANAGEMENT

The resource management provisions in the Strada Verde Innovation Park Specific Plan, including those acknowledging the requirement to comply with applicable federal, state, and County laws, shall govern the development of property located within the SVIP-SP district.

ARTICLE VIII. ADMINISTRATION

§ 25. .080 ADMINISTRATION

The implementation procedures identified in the Strada Verde Innovation Park Specific Plan shall govern the development of property located within the SVIP-SP district.

The Initiative adds the Strada Verde Innovation Park (SVIP-SP) zoning district to approximately 2,777 acres on the San Benito County Zoning Map.

ENVIRONMENTAL REVIEW EXCEPTION

Land Use Planning

Article II, Sections 1 and 11 of the California Constitution and implementing statutes in the Elections Code guarantee the right of the voters to adopt local legislation, including general plans, zoning ordinance amendments, and specific plans through the initiative process (*DeVita v. County of Napa* (1995) 9 Cal. 4th 763.) Land use measures adopted through initiative are not required to comply with the consultation, notice and public hearing processes before the Planning Commission and Board of Supervisors specified by the Planning and Zoning Law, Government Code §§ 65000, et seq. Unless otherwise specified in the initiative measure itself, land use measures adopted through initiative may only be amended by the voters (Elections Code § 9125.) The Strada Verde initiative measure provides that amendments may only be made by the voters for the first 20 years after it becomes effective.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Environmental review under the California Environmental Quality Act ("CEQA" Pub. Res. Code §§ 21000, et seq.) is not required for land use initiatives (*Tuolumne Jobs & Small Business Alliance v. Superior Court* (2014) 59 Cal.4th 1029.) Under the proposed Specific Plan, many uses would be allowed by right and could be developed without additional discretionary approvals and thereby avoid environmental review. While future discretionary approvals may trigger CEQA review, approval of the Initiative would likely limit the scope of any potential future environmental review and constrain the County's ability to impose any mitigation that would be inconsistent with uses approved by the Initiative.

3. ABILITY TO ATTRACT BUSINESS AND DEVELOPMENT PHASING

The Strada Verde Specific Plan would establish an opportunity for San Benito County to attract additional non-residential land uses, some of which would be technology oriented and might otherwise locate in Santa Clara County. It is necessary to consider the timeframe for development of these uses and whether they would create potential competition with other sites designated in the County General Plan for similar uses. For example, the General Plan designates Regional Commercial Nodes at interchanges on Hwy 101 as well as nine other locations along thoroughfares throughout the County. It may be expected that the lodging uses and some of the commercial development in Strada Verde would compete with those locations for development in the near term. The County has also established Thoroughfare Commercial Nodes at the intersections of Hwy 25/Hwy 156 and Hwy 156/San Felipa Road that are intended to support office/R&D development. This section of the report discusses market projections for these uses between 2020 and the General Plan horizon of 2035 to estimate the portion of Strada Verde likely to contribute net growth to the County during this time frame. From the County's perspective, the fiscal impact by 2035 of the type of development proposed at Strada Verde will be limited by the market demand for this type of development. Moreover, it would not matter if the development occurs at Strada Verde or at the Nodes already designated in the General Plan. The fiscal impact to the County would be the same regardless of the location of the development.

ABILITY TO ATTRACT BUSINESS

According to the Specific Plan, the proposed project would be developed in multiple phases. The first phase would consist of an autonomous vehicle test center and related facilities (AV Facility). The AV Facility would represent up to 5% to 10% of the overall project square footage. The Initiative sponsors state that successful development of the AV Facility would act as a catalyst to attract other business users for the development and buildout of the entire project. The vast majority of the project as proposed is distribution warehouse and fulfillment centers (85% - 90%), all likely requiring low to mid-skilled labor rather than high-paying jobs.

As to the AV Facility, while the San Francisco Bay Area is home to many technology companies that are in various stages of research, development and testing of autonomous vehicle driving, none are located within 30 miles of the Specific Plan area. This likely would seriously limit the AV Facility's ability to attract anchor tenants to this site because most major users want testing done in close proximity to the location of their engineering teams. And potential anchor tenants are not likely at this time to move their engineering and technical staff to a location in San Benito County. For example, Lyft recently leased 13 acres at a pre-built testing facility in East Palo Alto, a 10-minute drive from Lyft's research and development offices in Palo Alto. Although not impossible, convincing an AV company to locate its testing facilities 35-50 miles from where its engineers are located would present serious challenges. Based on our research, potential anchor tenants already have convenient access to existing and affordable testing facilities (e.g., \$600 per day for the entire facility). In addition, given the rapid

development of the technology, some testing occurs virtually, and some jurisdictions allow for testing on public roads with few restrictions, minimizing the need for private testing facilities.

Even if the AV facility were successfully developed, that facility lacks any attributes that would attract warehouses and data centers to the project site.

Turning to the ability to attract distribution/fulfillment centers to San Benito County, entities that operate such businesses must strategically select the location of a new facility. Location is the primary consideration. Fulfillment center locations are commonly chosen to: (1) lower shipping costs and (2) lower shipping times. To achieve those goals, companies often select fulfillment center locations based on gaps in their pre-existing network, specifically focusing on the geographic distribution of their customers, and how easily accessible new fulfillment locations would be from key highways. To date, major fulfillment centers have been located in Patterson and Tracy along the I-5 corridor. This facilitates shipment of goods in from major ports for distribution to the Bay Area, while offering much lower land and labor costs. While a location in San Benito County is a possibility, locations in Merced County would be more consistent with past experience in this sector.

The Specific Plan also seeks to attract data centers to the proposed site. Based on our research, the lack of existing infrastructure (e.g., fiber optics) and competitive electricity prices will result in low demand from data center users. For example, although PG&E is the electric utility provider for the majority of the Silicon Valley, Silicon Valley Power is the electric utility provider for most data centers in the region. This is an important consideration for data center owners and operators because of the differences in power rates. PG&E's power rates can be 25%-40% higher than the rates charged by Silicon Valley Power.

On the other hand, if portions of the project are developed, the Specific Plan would add to the supply of non-residential land in San Benito County. However, market projections prepared for this report indicate that the combined demand for employment generating land uses, including light industrial, distribution, office and R&D space total about 820,000 sq. ft. by 2035. This projection exceeds AMBAG projections and other third-party employment projections for San Benito County, but it is based on more detailed analysis of technology job potential. However, the 820,000 sq. ft. is about 12.5 percent of the full buildout capacity of Strada Verde for these uses. Moreover, EMC Planning Group has estimated that the Thoroughfare Commercial Nodes near the County airport would have the capacity to support over 700,000 sq. ft. of office and R&D uses. Therefore, the first 700,000 sq. ft. of industrial and office R&D that occurs at Strada Verde will not be a net gain to San Benito County but rather a shift of development from one location in the County to another.

Similarly, the market projections show potential demand for as many as six new hotels in the County by 2035; however, the Commercial Nodes already designated in the County General Plan have capacity to support 11 hotels in the unincorporated area. This includes at least one hotel at the Betabel Road interchange that would be the main highway access for Strada Verde, as well as hotels at the three other interchanges along US 101. Therefore, due to their distance from the freeway, the two hotels proposed in Strada Verde would not be in demand.

EMPLOYMENT DEVELOPMENT

Strada Verde would have the capacity for development of 6.66 million sq. ft. of non-residential space, supporting an estimated 4,796 jobs, not including the proposed police/fire station (Table 1). The County General Plan DEIR projected growth of 3,090 jobs in the unincorporated area between 2010 and 2035. As shown in Table 2 below, the County achieved more than half that job growth in the ten years between 2009 and 2019, but some of this was due to recovery of existing jobs that had been lost during the Great Recession. AMBAG projects growth of only 442 jobs between 2020 and 2035, while Chmura JobsEQ projects that the County would slow from 1.2 percent per year growth between 2009-2019 to 0.9 percent over the next ten years. This does not account for an anticipated two-year recovery from the pandemic recession. However, as we analyze specific job development potential in the unincorporated area, we calculate that jobs there may grow as much as 3.5 percent annually through 2035. In part, this is due to the increased growth in residential and retail demand, but in part it reflects the potential to capture some of the longer-term job growth spreading south from Silicon Valley.

Table 1: Strada Verde Jobs Development Potential at Buildout

Land Use	Bldg. Sq. Ft. Per Job	Buildout Development	Buildout Jobs
Commercial	550	13,665	25
Restaurant/Fast Food	160	20,000	125
Auto Testing	760	193,233	254
Office/R&D/Data Center	7065	669,480	95
Lodging	1150	64,965	56
Light Industrial	631	465,929	738
Warehouse/Logistics	1500	5,220,986	3,481
Institutional	458	10,000	22
Total		6,658,258	4,796

Table 2: Jobs by Jurisdiction, 2009-2019

Industry	2019 Employment				2009-2019 Change			
	County	Hollister	SJB	Uninc.	County	Hollister	SJB	Uninc.
Agriculture, Forestry, Fishing and Hunting	2,263	603	0	1,660	-78	101	0	-179
Mining, Quarrying, and Oil and Gas Extraction	19		0	19	6			6
Utilities	69	8		61	-30	0	0	-30
Construction	1,596	797	93	706	407	192	58	157
Manufacturing	3,363	1,334	0	2,029	692	-275	0	967
Wholesale Trade	333	178	0	155	-67	-119	0	52
Retail Trade	1,335	889	246	200	-320	-388	-30	98
Transportation and Warehousing	497	284	0	213	241	121	0	120
Information	66	60	0	6	-21	-16	0	-5
Finance and Insurance	214	200		14	-49	-41		-8
Real Estate and Rental and Leasing	135	92	12	31	34	11	7	16
Professional, Scientific, and Technical Services	275	121	17	137	88	0	9	79
Administrative, Waste Management, Co. Mgmt	829	649	3	177	345	274	1	70
Educational Services	1,549	1,120	137	292	221	348	35	-162
Health Care and Social Assistance	1,641	1,092	16	533	587	242	6	339
Arts, Entertainment, and Recreation	264	62	2	200	-126	-57	-43	-26
Accommodation and Food Services	1,363	894	209	260	223	86	103	34
Other Services (except Public Administration)	427	344	39	45	-209	-151	-10	-48
Public Administration	880	671	45	164	70	-89	39	120
Unclassified	8	3		5	-28	-11		-17
Total - All Industries	17,126	9,402	818	6,906	1,986	227	177	1,582

Source: ADE, Inc., based on Chmura JobsEQ and Longitudinal Employer Household Data (LEHD).

In 2018, San Benito County had more than 2,800 workers living in the County who are employed in Information, Professional and Technical Services prevalent in Silicon Valley. However, the county has fewer than 350 jobs in these sectors, only 12 percent of those needed to employ this skilled workforce. Overall, the County has 60 percent of the jobs needed to fully employ its resident workforce. If by 2035, it could attract a similar percentage of tech jobs, it would create demand for more than 700,000 sq. ft. of office and R&D space in San Benito County.

Table 3 summarizes the job growth and supportable building space by industry sector, including retail and lodging demand. These projections assume it will take two years to fully recover from the current recession. The projections most relevant to Strada Verde are the industrial categories of Construction, Manufacturing, Wholesale Trade, Transportation and Warehousing as well as Professional, Scientific and Technical Services that represent the Office/R&D sector. All of these sectors would produce a combined demand of about 820,000 sq. ft. of light industrial, warehousing and office/R&D space. This is about

12.5 percent of the capacity of Strada Verde for these uses. Moreover, EMC Planning Group has estimated that the Thoroughfare Commercial Nodes near the County airport would have the capacity to support over 700,000 sq. ft. of similar uses. Therefore, as discussed in the introduction to this chapter, the first 700,000 sq. ft. of industrial and office R&D that occurs at Strada Verde will in effect not be a net gain to San Benito County but rather a shift of development from one location in the County to another.

Table 3: Employment Projections for San Benito County Unincorporated Area, 2020-2035

Industry Sector	2020-2035 Job Growth	Bldg. SF/Job	Bldg. SF
Agriculture, Forestry, Fishing and Hunting	330		
Mining, Quarrying, and Oil and Gas Extraction	2		
Utilities	7	526	3,658
Construction	150	526	78,908
Manufacturing	19	631	11,822
Wholesale Trade	2	755	1,286
Retail Trade	964	550	535,405
Transportation and Warehousing	10	755	7,777
Information	42	421	17,682
Finance and Insurance	2	421	733
Real Estate and Rental and Leasing	5	421	2,219
Professional, Scientific, and Technical Services	1,295	532	688,940
Administrative, Waste Management, Co. Mgmt	24	421	10,144
Educational Services	14	446	6,124
Health Care and Social Assistance	371	452	167,840
Arts, Entertainment, and Recreation	46	550	25,402
Accommodation and Food Services	1,201	541	649,378
Other Services (except Public Administration)	96	550	53,016
Public Administration	16	335	5,223
Unclassified	2		
Total - All Industries	4,597		2,265,558

Source: ADE, Inc.

LODGING

The jobs projections in Table 3 also incorporates potential demand for as many as six new hotels in the County by 2035. In order to gain an understanding of the San Benito County lodging market, ADE acquired room revenue and occupancy data from Smith Travel Research for the local and regional

markets. San Benito County has a total of seven lodging properties with 278 rooms.¹ For comparison, the Smith Travel Research dataset also included a larger regional market area that encompassed Salinas, and the other communities along the Highway 101 corridor from Gilroy down to King City.

San Benito County has seen growth in lodging room revenues of 13.4 percent per year between 2012 and 2019, with only one new hotel coming online during that time (2017). However, it is clear that the Covid-19 pandemic has had a significant impact on the tourism industry. Tourism Economics, a firm working with Visit California to forecast tourism demand, produced an estimate of the COVID-19 impact for 2020, which averages out to about a 50 percent market decline for the year. The JobsEQ forecast, which ADE used to help with the overall job projections in Table 3, forecasts that the economy will not recover to 2019 levels until late 2022, when a vaccine has had time to fully restore consumer confidence.

If the County is able to resume its recent lodging revenue growth in 2022, by 2035 there could be support for 1,114 additional rooms. In the General Plan economic analysis, AECOM estimated that 65 percent of lodging demand would occur in the unincorporated area, which would result in development of 5 to 6 new hotels by 2035 based on recent trends.

However, the Commercial Nodes already designated in the County General Plan have capacity to support 11 hotels in the unincorporated area. This includes at least one hotel at the Betabel Rd. interchange that would be the main highway access for Strada Verde, as well as hotels at the three other interchanges along US 101. Therefore, due to their distance from the freeway, the two hotels proposed in Strada Verde would not be in demand.

¹ In order to follow Smith Travel Research's confidentiality requirements, the financial data for the local market area sample included Gilroy because San Benito County's small sample size required that the market area encompass a larger geographic area.

4. FISCAL IMPACTS

FISCAL SETTING

The fiscal analysis estimates the impact that development of Strada Verde would have on the County tax base, compared to the costs for County services. For Fiscal Year (FY) 2019-2020, total County expenditures are \$141.7 million and current revenues are \$124.7 million, as shown in Table 4. The additional expenditures include capital projects and other items using available fund balances accumulated from prior years. Much of the total county budget is dedicated funds for the County "subvented" departments, such as Health and Human Services for mandated services. The County's unrestricted general fund budget is \$38.9 million.

The County government provides certain services to the countywide population, including the criminal justice system, public health, public assistance and functions such as the Assessor and County Recorder. Other services are provided only to the population in the unincorporated areas, including police protection through the Sheriff's Office, fire protection, and county planning. This is reflected to an extent in the expenditure section of Table 4, where "Other Public Protection – Unincorporated" includes fire protection, animal control, planning and zoning, housing and community development, engineering and related functions.

Please see the overall summary on Page 46. Below is a further in-depth discussion of each type of fiscal impact.

REVENUES

Development of Strada Verde would generate increased property taxes and sales taxes for the County, as well as business license taxes, franchise taxes and charges for services, among others.

Summary of Annual Property Tax Revenues from Strada Verde

Agency	Annual
County* and County Fire	\$2,306,427
Other Public Agencies (SBC Water District, SJ Cemetery District and SBC Health Care District)	\$472,453
School/Education Entities (Aromas San Juan School District, Gavilan College and Office of Education)	\$7,642,398

*Includes Property Tax in lieu of VLF

The total sales tax to be received locally from the project, on an annual basis upon full buildout is estimated to be \$14,280,000, between the County of San Benito and the San Benito COG.

Summary of Annual Sales Taxes from Strada Verde

Agency	Annual Sales Tax
County General Fund	\$5.19 million
County (Public Safety)	\$2.6 million
COG	\$1.3 million
COG Measure G	\$5.19 million
Total	\$14.28 million

In addition, the County and the COG may receive one-time use tax revenues, spread over the ten year construction period for the project, as shown below.

Summary of One-Time Use Taxes from Strada Verde

Agency	One-Time Use Tax
County General Fund	\$6.6 million
County (Public Safety)	\$3.3 million
COG	\$1.65 million
COG Measure G	\$6.6 million
Total	\$18.15 million

Property Tax. Property owners pay an ad valorem property tax equal to one percent of assessed value, of which the County General Fund and other taxing agencies get a share. Assessed values are initially set at market value when properties are new, but then only increase annually at two percent per year unless resold. Therefore, existing assessed values of properties in the County are generally lower than the market value when they are sold. Not included in this report are estimates of the turn-over frequency of the project, as this report conservatively does not rely on turn over estimates for increased valuation, or documentary transfer tax.

ADE researched non-residential property values in San Benito County and the surrounding market area by identifying development that has occurred within the past five years and properties that have sold within the past three years. Table 5 shows the average values for recently sold properties. ADE downloaded assessor's data through CoreLogic for San Benito, Santa Clara, Santa Cruz and Monterey Counties, but focused on properties in the cities closest to San Benito, as shown in the Table 5. However, the column labeled Region shows data from other parts of these counties. The data for San Benito County seldom provided the building size, so ADE calculated factors based on land area and the lower part of the table shows comparative figures for the different cities per acre. San Benito County values tend to be higher than Watsonville but lower than the other cities in most cases.

Table 4: San Benito County Governmental Funds Budget Summary, FY 2019-20

Budget Categories	Annual
REVENUES	
GENERAL FUND	
Property Tax	\$10,265,000
In Lieu Vehicle Lic. Fee Property Tax	\$6,500,000
Documentary Transfer Tax	\$850,000
Sales Tax	\$2,125,364
Sales Tax: Public Safety	\$3,882,926
Transient Occupancy Tax	\$150,000
Aircraft Taxes	\$50,000
Business Tax (Meas. H)	\$635,000
Charges for Service	\$8,344,250
Fines/ Forfeitures/Penalties	\$769,100
Licenses, Permits & Franchises	\$1,715,500
Use of Money & Property	\$125,000
Intergovernmental	\$5,218,817
Other Revenue	\$1,158,612
Interfund Transfers	\$2,372,229
General Fund Subtotal	\$44,161,798
ROAD FUND	\$7,865,336
PUBLIC ASSISTANCE	\$35,278,411
HEALTH	\$18,794,252
CRIMINAL JUSTICE	\$742,025
FIRE PROTECTION	\$2,282,557
OTHER SPECIAL REVENUE FUNDS	\$4,438,699
CAPITAL PROJECTS	\$10,740,329
DEBT SERVICE	\$410,000
Total Current Revenues	\$124,713,407
Use of Fund Balances	\$16,965,980
Total Funds Available	\$141,679,387
EXPENDITURES	
General Administration	\$24,853,403
Criminal Justice	\$18,990,408
Sheriff	\$8,508,452
Other Public Protection Countywide	\$2,740,629
Other Public Protection Unincorporated	\$7,000,172
Public Ways and Facilities	\$20,093,783
Health and Sanitation	\$20,113,410
Public Assistance	\$36,732,548
Education	\$1,364,952
Recreation Facilities	\$871,630
Debt Service	\$410,000
Total Expenditures	\$141,679,387

Source: San Benito County Annual Budget FY 2019-20

Table 5: Total Assessed Value of Properties Sold Since January 1, 2016

Land Use	Hollister	Gilroy	Morgan Hill	Watsonville	Salinas	Region	Average
Total Assessed Value per sq. ft. of Building Space							
Auto Repair				\$572.31		\$257.14	\$414.73
Auto Sales						\$111.51	\$111.51
Commercial	\$353.67	\$163.45	\$242.06	\$111.85			\$217.76
Fast Food						\$720.13	\$720.13
Restaurant				\$303.49	\$354.65		\$329.07
Industrial	\$247.73				\$59.56	\$152.98	\$153.42
Medical				\$165.84	\$206.69		\$186.27
Office	\$89.01	\$199.36	\$201.97	\$236.07	\$140.49		\$173.38
R&D						\$254.34	\$254.34
Service Station						\$643.99	\$643.99
Total Assessed Value per Acre							
Auto Sales						\$927,775	\$927,775
Commercial	\$1,156,574	\$1,668,321	\$2,297,160	\$821,563			\$1,485,904
Restaurant	\$1,381,092			\$2,325,681	\$2,283,673		\$1,996,815
Industrial	\$391,089				\$318,874	\$3,188,332	\$1,299,432
Medical	\$1,782,684			\$2,547,022	\$3,103,264		\$2,477,657
Office	\$2,525,322	\$3,955,815	\$2,725,477	\$2,214,400	\$2,677,790		\$2,819,761

Source: ADE, Inc., based on data provided by CoreLogic.

Many of the properties that have sold in the past three years were built many years ago and may not reflect current construction costs or values for new development. Table 6 shows assessed values for projects built since 2015. Relatively few of these projects were built in San Benito, Santa Cruz or Monterey counties, so the values tend to reflect development in Santa Clara County, which has been a rapidly expanding market in recent years. It is useful to note that the building values are similar to Table 5 above for commercial and industrial development but substantially higher for office development.

Table 6: Assessed Values for Projects Built Since 2015, Four County Region

Land Use	Total Value /	Bl dg .	Perc Impr
Commercial	\$35	\$16	46.4
Industrial	\$18	\$85	45.1
Medical	\$48	\$41	86.2
Office	\$76	\$44	59.0

Source: ADE, Inc., based on data provided by CoreLogic.

For purposes of this fiscal analysis, we have used values derived from the data in Table 5 rather than Table 6. While these values may not reflect current construction costs, this is a conservative estimate as the project may appraise at a higher value once constructed, but it reflects the fact that over time, assessed values only increase at a maximum of two percent per year, while County costs have

historically increased at greater than that rate. In addition, the project sponsor has commissioned a fiscal analysis that provides projected assessed values for uses in the project for which other data are not available.¹ DTA projects the following assessed values, which have been used in this analysis.

Data Center	\$100/sq. ft.
Warehouse/Fulfillment Center	\$100/sq. ft.
Logistics/Warehouse	\$188/sq. ft.
Driver Experience Center	\$150/sq. ft.
Shared Testing Venue	\$163/sq. ft.

These values appear reasonable in relation to the data in Tables 5 and 6 above. The combined individual land use values from this analysis and DTA have been averaged together into the categories shown in Table 7 below.

In addition to the assessed value of real property in the project, businesses are typically assessed for business machines, equipment and fixtures within the buildings, referred to as “personal property.” Personal property countywide represents about five percent of total assessed value, including residential, but for the type of businesses uses included in the Strada Verde project we have assumed personal property would represent ten percent of assessed value.

Strada Verde would have an estimated assessed value (AV) of \$1.06 billion at buildout. The one percent ad valorem property tax paid by the property owners would be about \$10.65 million per year. In the tax rate area where Strada Verde is located, the County General Fund share of taxes is about 21.3 percent, while the County State Fire Contract Account receives 2.45 percent.

However, the State Education Relief Augmentation Fund (ERAF) shifts approximately 48 percent of the County General Fund revenue to local school districts and education agencies. The net amount accruing to the County General Fund from Strada Verde is estimated at \$1.18 million, or 11.1 percent, at full buildout.

County Fire Services would receive an estimated \$261,000 per year, and a variety of other taxing agencies would receive the balance of the annual property tax revenues as shown in Table 8. The total in annual property taxes to local governmental entities would be approximately \$9,556,812. This is the amount set forth below in Table 8, minus the amount dedicated for ERAF and the Santa Clara Co. Equalization Aid.

¹ DTA, Fiscal Impact Analysis for Bristol SB, LLC for the Proposed Strada Verde Innovation Park Project in San Benito County. June 24, 2020.

Table 7: Projected Assessed Values by Land Use for the Strada Verde Specific Plan at 2035 and at Buildout

Land Use	Assessed Value per Sq. Ft.	Buildout Development	Buildout Assessed Value*
Commercial	\$354	13,665	\$5,321,151
Restaurant/Fast Food	\$720	20,000	\$15,840,000
Auto Testing	\$152	193,233	\$32,321,240
Office/R&D/Data Center	\$129	669,480	\$95,335,522
Lodging	\$177	64,965	\$12,648,686
Light Industrial	\$153	465,929	\$78,415,851
Warehouse/Logistics	\$143	5,220,986	\$823,156,092
Institutional	\$173	10,000	\$1,903,000
Total		6,658,258	\$1,064,941,541

Source: ADE, Inc. *Note: Buildout Assesses Value includes ten percent addition for personal property.

Table 8: Estimated Distribution of Ad Valorem Property Taxes from Strada Verde in Tax Rate Area 079-007

Taxing Agency	Project Revenues	Tax Allocation Factors
General Fund	\$1,181,041	0.11090197
State Fire Contract	\$260,920	0.02450088
S.B. Co. WC & FC D.W. Admin (SBC Water District)	\$34,877	0.00327498
San Juan Cemetery District	\$199,793	0.01876094
San Benito Hospital District	\$237,784	0.02232833
Education Tax Area #1 (SBC Office Education)	\$232,621	0.02184359
Education Tax Area #2 (SBC Office Education)	\$13,061	0.00122645
Education Tax Area #3 (SBC Office Education)	\$52,326	0.00491347
Aromas/San Juan Unified	\$6,359,820	0.59719894
Gavilan Jr. College	\$920,073	0.08639660
S.B. Co. Equalization Aid	\$64,497	0.00605640
Santa Clara Co. Equalization Aid	\$2,411	0.00022641
ERAF	\$1,090,192	0.10237105
Grand Total	\$10,649,415	1.00000000

Source: ADE, Inc., based on tax allocation factors provided by the San Benito County Auditor

In addition to the ad valorem property tax, the County receives property tax in lieu of vehicle license fees (PIVLF) directly from the State, through a program established in the 2004 State Budget legislation. This revenue increases annually in proportion to increases in County AV. The additional AV generated by the proposed project would be about 11.7 percent of current County AV. The PIVLF received by the County in FY 2019-20 was \$7.4 million (higher than the budget estimate of \$6.5 million) and development of Strada Verde would increase that by \$864,500 per year at buildout.

Sales and Use Tax. The total sales tax to be received locally from the project on an annual basis upon full buildout is estimated to be \$14,280,000, between the County of San Benito and the San Benito Council of Governments (COG) (Table 9).

Table 9: Summary of Annual Sales Taxes from Strada Verde

Agency	Annual Sales Tax
County General Fund	\$5.19 million
County (Public Safety)	\$2.6 million
COG	\$1.3 million
COG Measure G	\$5.19 million
Total	\$14.28 million

The most significant potential sales tax generator would be the fulfillment center and possibly some of the warehouse space if it is occupied by “point of sale” retailers. DTA, in the project-sponsored fiscal analysis, discusses the fact that the sales tax generation from these uses would depend on the nature of the businesses occupying the space, which is not known at this time, and whether large sales tax generators may seek to negotiate sales tax sharing agreements with the County. DTA points out that 10 percent of California cities have used sales tax sharing agreements to attract major businesses to their communities. DTA presents data from Prologis corporation, a major distribution center real estate developer/operator, that fulfillment centers produce about \$1,000 in taxable sales per sq. ft. However, DTA assumes the County would only receive tax from 50 percent of this amount, due either to potential sales tax sharing or less than full utilization of the fulfillment center for taxable sales distribution. We believe the resulting \$500 per sq. ft. in taxable sale is reasonable given that many types of retail establishments produce much more than that in sales. We have assumed that only the fulfillment center would produce taxable sales and that the other warehouse and logistic space would be engaged in non-taxable wholesale operations. The average sales per sq. ft. across all distribution space in Strada Verde is \$96 per sq. ft. as shown in Table 8. The \$500 million in annual sales must be considered speculative, however, because the Specific Plan does not restrict the use of the distribution space to taxable business operations, so the sales tax revenue could be lower if less space is used for taxable business operations, or greater if the business uses generate more taxable sales than projected.

Strada Verde also includes a number of land uses that would generate sales for the County. The commercial uses are mainly grocery sales, but about 25 percent of supermarket sales are taxable. A higher taxable sales rate would be obtained for the restaurants and fast food outlets. Office and industrial uses sometimes produce sales taxes, if sales of taxable items are made directly to consumers or to businesses using the purchased items. These sales values are low on a per sq. ft. basis but are measurable for the quantities of building space proposed in Strada Verde.

Under the assumptions discussed above, Table 10 shows that Strada Verde would produce \$519.2 million in taxable sales per year at full buildout. The County would receive one percent of sales under the Bradley Burns sales tax allocation, which would result in County revenues of \$5.19 million per year.

Table 10: Taxable Sales Projections for Strada Verde, 2035 and Buildout

Land Use	Taxable Sales per Sq. Ft.	Buildout Development	Buildout Taxable
Commercial	\$88	13,665	\$1,205,93
Restaurant/Fast Food	\$491	20,000	\$9,827,76
Auto Testing	\$0	193,233	\$0
Office/R&D/Data Center	\$5	669,480	\$3,430,68
Lodging	\$8	64,965	\$494,653
Light Industrial	\$9	465,929	\$4,277,28
Warehouse/Logistics	\$96	5,220,9	\$500,000,
Institutional	\$0	10,000	\$0
Total		6,648,2	\$519,236

Source: ADE, Inc.

In addition to the one percent Bradley Burns sales tax allocation the County receives, the Proposition 172 Public Safety Sales tax administered by the State generates another one-half percent sales tax for the County, for use in a number of public safety functions. This is estimated at \$2.6 million per year for Strada Verde.

Other sales taxes are also collected in the County to support transportation improvements. The San Benito Council of Governments (COG) receives a ¼ percent share which helps to funds its transportation planning efforts. Strada Verde would contribute an estimated \$1.3 million per year to the COG revenues.

Voters in San Benito County approved Measure G, which took effect in April of 2019 and generates an additional one percent of sales tax revenues that are distributed through the COG to the cities, the County and regional transportation programs for transportation improvements. Strada Verde would generate an estimated \$5.19 million per year in Measure G funds. Therefore, the total revenue to the COG (through termination of Measure G, which was a 30 year tax) would be \$6,490,454. And then be reduced to about \$1,300,000 thereafter.

The County would also potentially receive use tax on the purchase of construction material to build the project. Similar to the sales tax, the local share of use tax would be 2.75 percent of the value of the materials purchases at the point of sale in San Benito County, including the Proposition 172, Measure G and the transportation sales tax to the COG. The project sponsor intends to work through the State to designate the construction site as the point of sale for all material purchases, whether or not the vendor is located in the County. This would ensure the maximum use tax to the County of these purchases. The project sponsor(s) estimates the total construction cost of the project would be \$2 billion. Using an input-output model, ADE estimates that approximately one third of this cost would be direct purchases of tangible construction materials. The remainder of the construction cost would be labor and services. Using these factors, ADE estimates that the County General fund could receive \$6.6 million in one-time use taxes during the project construction period, which is estimated to be ten years. Table 11 below shows the additional amounts to the COG.

Table 11: Summary of One-Time Use Taxes from Strada Verde

Agency	One-Time Use Tax
County General Fund	\$6.6 million
County (Public Safety)	\$3.3 million
COG	\$1.65 million
COG Measure G	\$6.6 million
Total	\$18.15 million

Transient Occupancy Tax (TOT). The County charges a 12 percent tax on lodging room revenues. Strada Verde proposes two hotels, totaling 120 rooms. At an average room rate of \$125 per night and a typical 65 percent occupancy rate, this would generate \$427,050 in annual TOT revenues for the County.

Business License Tax. The Measure H Initiative, adopted in 2018, established a business license tax in the unincorporated area. The tax is paid on an annual flat-rate basis and also includes an employee multiplier that varies by the type of business. Based on the employee counts by business type in Strada Verde, we estimate the project would generate at least \$23,500 per year at buildout, although the revenues could be higher depending on the number of businesses occupying the space.

Other County Revenues. Businesses in the unincorporated area generate other revenues, including various charges for service, fines and penalties, license fees, franchise taxes paid by utilities, and other revenues. These revenues are calculated on a per capita basis, as explained further below. This report conservatively has not included documentary transfer tax as the project applicant may hold the project site for an extended period of time. Normal documentary transfer tax is obtained each time property is sold at the rate of \$1.10/\$1,000 value.

PER CAPITA REVENUE AND COST METHODOLOGY

For certain county costs and revenues, ADE has used a per capita approach, where more detailed metrics are not available. This approach begins with the County budget figures in Table 4 and calculates costs and revenues per resident or per job. The first step is to adjust the budget figures to focus on services funded by local revenues by removing the intergovernmental revenues and associated costs from the budget figures. This helps to identify the Net County Cost of providing services in San Benito County. Also, the analysis is intended to reflect ongoing annual operations, so we have removed fees and service costs associated with the development entitlement process. Similarly, we have removed one-time capital expenditures from the budget figures. A summary of the budget adjustments is shown in Table 10. The remaining budget of \$54.9 million is still \$10.2 million more than the current year revenues in the FY 2019-20 budget.

Using the remaining budget figures in Table 12, we calculate per capita factors for both residents and businesses. The number of jobs in the County represents the demand for County services from businesses. Jobs are estimated to have half the service demand of full-time residents on the County. The service population for the county as a whole is 70,916, comprised of 62,353 residents and one

half of the 17,126 jobs. We also estimate the service population for the unincorporated area at 23,048, with 19,595 residents and half of the 6,906 jobs. These figures are used to calculate the generation of certain revenues and percentage shares of demand for services and as shown in Table 13.

Table 12: Budget Adjustments for Fiscal Analysis Per Capita Factors

Expenditure Function	Intergovernmental	Capital Projects	Interfund Transfers	Entitlement/Impact Fees	Remaining Budget
General Administration	\$2,669,744	\$3,485,000	\$2,372,229		\$16,294,430
Criminal Justice	\$3,624,659	\$4,800,000		\$1,887,917	\$8,971,561
Sheriff	\$513,729				\$7,884,723
Other Public Protection Countywide	\$319,739	\$500,000			\$1,820,890
Other Public Protection Unincorporated			\$991,396	\$2,156,552	\$4,446,382
Public Ways and Facilities	\$6,891,714		\$2,239,457		\$10,962,612
Health and Sanitation	\$15,207,950	\$840,000	\$3,213,606		\$292,854
Public Assistance	\$26,545,398		\$14,626,026		\$2,874,137
Education					\$1,364,952
Recreation Facilities		\$850,000			\$21,630
Debt Service			\$410,000		\$0
Total	\$55,772,933	\$10,475,000	\$23,852,714	\$4,044,469	\$54,934,171

Source: ADE, Inc. based on San Benito County FY 2019-20 Budget

Table 13: Per Capita Revenue and Cost Factors

Budget Category	Countywide		Unincorporated		Countywide		Unincorporated	
	Proportion	Per Capita	Proportion	Per Capita	Proportion	Per Capita	Proportion	Per Capita
Revenues	Residential Unit Revenues				Business Unit Revenues			
Charges for Service	87.99%	\$101.93	0.00%	\$0.00	12.01%	\$48.71	0.00%	\$0.00
Fines/ Forfeitures/Penalties	87.99%	\$10.73	85.02%	\$0.39	12.01%	\$0.00	14.98%	\$16.68
Licenses, Permits & Franchises								
Residential	100.00%	\$0.27	0.00%	\$0.00	0.00%		0.00%	\$0.80
Agriculture	0.00%	\$0.00	0.00%	\$0.00	0.00%		100.00%	\$137.91
Franchises	0.00%	\$0.00	85.02%	\$30.94	12.01%	\$0.00	14.98%	\$15.47
Other Revenue	87.99%	\$16.35	85.02%	\$50.27	12.01%	\$0.00	14.98%	\$25.13
Expenditures	Residential Unit Costs				Business Unit Costs			
General Administration	87.99%	\$108.08	85.02%	\$68.63	12.01%	\$54.04	14.98%	\$34.32
Criminal Justice	87.99%	\$126.61	0.00%	\$0.00	12.01%	\$63.30	0.00%	\$0.00
Sheriff	0.00%	\$0.00	85.02%	\$342.10	0.00%	\$0.00	14.98%	\$171.05
Other Public Protection Countywide	87.99%	\$25.70	0.00%	\$0.00	12.01%	\$12.85	0.00%	\$0.00
Other Public Protection Unincorporated	0.00%	\$0.00	85.02%	\$192.92	0.00%	\$0.00	14.98%	\$96.46
Public Ways and Facilities	87.99%	\$154.70	0.00%	\$0.00	12.01%	\$77.35	0.00%	\$0.00
Health and Sanitation	87.99%	\$4.13	0.00%	\$0.00	12.01%	\$2.07	0.00%	\$0.00
Public Assistance	100.00%	\$46.09	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00
Education	87.99%	\$18.27	0.00%	\$0.00	12.01%	\$9.63	100.00%	\$652.28
Recreation Facilities	0.00%	\$0.00	100.00%	\$1.10	0.00%	\$0.00	0.00%	\$0.00

Source: ADE, Inc

SERVICE COSTS

Development of Strada Verde would be expected to create needs for additional County services, particularly for police and fire protection. These costs have been calculated using the per capita factors shown in Table 11 above. The General Administration category includes functions such as the County Assessor and Auditor as well as County management functions. Within the General Administration category, the Finance functions are allocated to the countywide population while the County Counsel and the Board of Supervisors are allocated to the unincorporated population. Other General Administrative costs not included in the per capita factor are allocated as an 18.2 percent overhead charge on the project's costs for direct services.

The Other Public Protection category includes the County Recorder, County Planning and Engineering as well as services such as animal control and the Office of Emergency Services, among others. As discussed above, the calculations use the Net County Cost as the basis, which removes intergovernmental revenues and isolates the services funded from locally generated revenues. Health and Sanitation and Public Assistance services are heavily funded from intergovernmental revenues.

FISCAL IMPACT

In total, the development at Strada Verde at full buildout is estimated to generate \$10.7 million in annual revenues and \$2.8 million in annual County costs (Table 14). This creates an annual net revenue of \$7.9 million per year. In addition, the project would generate nearly \$6.5 million per year in additional sales taxes through Measure G and other allocations that would be administered by the San Benito COG for use in funding transportation projects. For the reasons discussed in Section 3 and 4 of this report, the County may not receive annual fiscal benefits, or the full fiscal benefits unless and until the project is actually constructed. The County and the COG may also receive one time Use Taxes, totaling \$18.15 million, spread over the course of the project construction period, estimated to be ten years.

As noted earlier in the discussion, the project sponsor, Bristol SB LLC, has commissioned its own fiscal study by the firm DTA. The DTA study estimates the project would generate \$12.33 million per year in County revenues and would increase County service costs by \$1.51 million, for a net fiscal benefit of \$10.82 million per year. Part of the difference in revenue is that DTA includes the \$1.3 million that goes to the COG in its County sales tax calculation and also includes estimates for onsite worker spending in the County. DTA uses studies of office worker spending to support its employee retail spending estimates; however, most of the onsite jobs at Strada Verde would not be office workers and these estimates have not been included in this study.

The other significant difference in the two studies is in the estimate of County service costs. Both studies use a per capita methodology, but the DTA study uses the County labor force as the measure for non-residential uses. However, the labor force is part of the residential population and the standard measure for non-residential uses is jobs-in-place in the businesses located in the County. There are fewer jobs than workers in San Benito County and DTA's approach has the effect of undercounting the anticipated impact to County service requirements from the project.

Table 14: Annual Cost/Revenue Balance for Strada Verde at Full Buildout, by Land Use

Budget Category	Total	Commercial	R&D/Office	Lodging	Industrial/ Logistics	Institutional
REVENUES						
Base Property Tax	\$1,181,041	\$23,468	\$35,845	\$105,729	\$14,028	\$999,861
VLF Prop Tax	\$864,466	\$17,178	\$26,237	\$77,389	\$10,268	\$731,850
Doc Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax	\$5,192,363	\$110,337	\$0	\$34,307	\$4,947	\$5,042,773
Sales Tax: Public Safety	\$2,596,182	\$55,168	\$0	\$17,153	\$2,473	\$2,521,386
Transient Occupancy Tax	\$427,050				\$427,050	
Aircraft Taxes	\$0					
Business Tax (Meas. H)	\$23,699	\$4,846	\$671	\$1,302	\$615	\$16,151
Charges for Service	\$68,040	\$7,623	\$12,935	\$4,821	\$2,874	\$38,676
Fines/ Forfeitures/Penalties	\$21,950	\$2,500	\$4,242	\$1,581	\$943	\$12,320
Licenses, Permits & Franchises						
Agriculture	\$0	\$0	\$0	\$0	\$0	\$0
Franchises	\$20,349	\$2,318	\$3,933	\$1,466	\$874	\$11,421
Use of Money & Property	\$36,916	\$804	\$320	\$871	\$1,648	\$33,253
Other Revenue	\$33,067	\$3,766	\$6,391	\$2,382	\$1,420	\$18,559
FIRE PROTECTION						
Property Tax	\$260,920	\$5,185	\$7,919	\$23,358	\$3,099	\$220,893
Total Revenue	\$10,726,943	\$233,194	\$98,492	\$270,358	\$470,237	\$9,647,144
EXPENDITURES						
General Administration	\$776,514	\$24,260	\$56,505	\$9,146	\$683,068	\$3,535
Criminal Justice	\$303,385	\$9,478	\$22,077	\$3,573	\$266,876	\$1,381
Sheriff	\$820,397	\$25,631	\$59,698	\$9,663	\$721,670	\$3,735
Other Public Protection Countywide	\$72,130	\$2,254	\$5,249	\$850	\$63,450	\$328
Other Public Protection Unincorporated	\$462,641	\$14,454	\$33,665	\$5,449	\$406,967	\$2,106
Public Ways and Facilities	\$370,715	\$11,582	\$26,976	\$4,366	\$326,103	\$1,688
Health and Sanitation	\$9,903	\$309	\$721	\$117	\$8,711	\$45
Public Assistance	\$0	\$0	\$0	\$0	\$0	\$0
Education	\$0	\$0	\$0	\$0	\$0	\$0
Recreation Facilities	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$2,815,685	\$87,968	\$204,891	\$33,164	\$2,476,844	\$12,818
NET SURPLUS/(DEFICIT)	\$7,910,358	\$145,225	(\$50,771)	\$214,730	\$437,073	\$7,170,300

Source: ADE, Inc.

INFRASTRUCTURE FUNDING

If Strada Verde is developed, the County and the school districts would receive one-time development impact fees in addition to the annual fiscal impacts discussed above. As shown in Table 15, these fees would contribute funding to County facilities for criminal justice, fire protection, information technology, law enforcement, road maintenance and traffic capacity impacts, as well as helping to fund new schools in the County. The maximum impact fee revenue from the Initiative would be \$44.6 million, which would be paid by the project sponsor over the estimated ten year construction period.

Table 15: Estimated Impact Fee Revenue with Adoption and Buildout of the Initiative

Fee Category	2020 Fee*	Building Space		Fee Revenue	
		2035	Buildout	2035	Buildout
Detention Facilities					
Commercial	\$0.517		108,630	\$0	\$56,109
Office	\$0.393		669,480		\$262,777
Industrial	\$0.232		5,880,148		\$1,361,909
Fire Protection					
Commercial	\$0.730		108,630	\$0	\$79,265
Office	\$0.554		669,480	\$0	\$371,181
Industrial	\$0.328		5,880,148		\$1,928,367
General Government					
Commercial	\$0.517		108,630	\$0	\$56,109
Office	\$0.393		669,480	\$0	\$262,777
Industrial	\$0.232		5,880,148		\$1,361,909
Information Technology					
Commercial	\$0.052		108,630	\$0	\$5,678
Office	\$0.040		669,480	\$0	\$26,758
Industrial	\$0.024		5,880,148		\$138,601
Law Enforcement					
Commercial	\$0.299		108,630	\$0	\$32,508
Office	\$0.226		669,480	\$0	\$151,629
Industrial	\$0.135		5,880,148		\$795,451
Road Maintenance					
Commercial	\$0.117		108,630	\$0	\$12,691
Office	\$0.089		669,480	\$0	\$59,691
Industrial	\$0.052		5,880,148		\$307,333
Traffic – Zone 2					
Commercial	\$11.109		108,630	\$0	\$1,206,787
Office	\$22.864		669,480	\$0	\$15,306,948
Industrial	\$3.013		5,880,148		\$17,716,871
Schools					
Aromas San Juan School District	\$0.470		6,658,258	\$0	\$3,129,381
TOTAL				\$0	\$44,630,732

Source: ADE, Inc. based on San Benito County Building Impact Fee Summary, Current as of December 2018.

*Note: 2018 fees updated using ENR Construction Cost Index of 1.025 from July 2018 to January 2020.

5. CONSISTENCY WITH COUNTY PLANS

This section analyzes the consistency between the proposed Specific Plan and the County's General Plan and relevant zoning ordinances

GENERAL PLAN

California law (Gov. Code § 65300 et seq.) requires every county and city in the state to develop a general plan with policies and objectives to guide land use and development. General plans are of such importance that they are often referred to as the "constitution" for development. State law requires that the general plan be comprehensive and long-term, and that all specific plans, zoning ordinances, and other city plans be consistent with the general plan, with some exceptions for charter cities. San Benito's current General Plan was adopted on July 21, 2015. Under California law, no specific plan, zoning, subdivision map, or public works project may be approved unless it is consistent with the adopted General Plan. The State General Plan Guidelines recommend that general plans be updated every five to ten years to ensure that they remain relevant, not only to reflect local physical and demographic changes, but also broader changes in culture and technology (General Plan p. 1-2).

Approval of the Initiative would result in the adoption and addition of the Specific Plan to the General Plan. As stated in Section 5.6 of the Initiative, prior to the date that is 20 years after the effective date of the Initiative, the provisions of the Specific Plan can be amended only by a majority vote of the voters of the County. This provision effectively limits the County's land use authority in amending its General Plan with respect to this specific project without a further vote of the people.

Table 16 outlines relevant General Plan policies and discusses the Initiative's consistency therewith.

Table 16: Initiative's Consistency with General Plan

Relevant General Plan Policy or Figure	Consistency Determination
LU-1.1 Countywide Development The County shall focus future development in areas around where infrastructure and public services are available, within existing unincorporated communities, and within a limited number of new communities, provided they meet the requirements of goal section LU-7 and demonstrate a fiscally neutral or positive impact on the County and any special districts that provide services to the project. (RDR)	The development proposed by the Initiative is not in an area around cities or within an existing unincorporated community. And the Initiative did not elect to propose a new community, nor would the proposed development meet the requirements for a new community study area. Consequently, locating the Initiative's proposed uses in areas that are the focus of LU-1.1. would better achieve the goals of this policy.

Relevant General Plan Policy or Figure	Consistency Determination
<p>LU-1.2 Sustainable Development Patterns</p> <p>The County shall promote compact, clustered development patterns that use land efficiently; reduce pollution and the expenditure of energy and other resources; and facilitate walking, bicycling, and transit use; and encourage employment centers and shopping areas to be proximate to residential areas to reduce vehicle trips. Such patterns would apply to infill development, unincorporated communities, and the New Community Study Areas. The County recognizes that the New Community Study Areas comprise locations that can promote such sustainable development. (RDR)</p>	<p>The Specific Plan includes a Mobility Plan that states the proposed development will:</p> <ul style="list-style-type: none"> • Provide connections to the regional transportation system. • Provide adequate connections within all portions of the Specific Plan Area. • Include walkable streets and other forms of non-motorized transportation including safe bicycle paths and lanes. • Partner with transportation companies to provide options for travel to and/or provide connections to the regional mass transit system, with potential linkage to the Gilroy Transit Center and future BART expansion areas and the potential future high-speed rail stop. • Coordinate a Transportation Demand Management program, which facilitates non-motorized transportation and allows for a reduction in parking. <p>At the regional level, the Specific Plan states the project will provide transportation connections that are consistent with this policy. However, the primary entry to the Specific Plan area via US 101 may not be feasible due to lack of ownership of land, geotechnical and other considerations.</p> <p>Moreover, the proposed development is not within a reasonable proximity of residential areas that would allow for walkability between jobs and housing. In this regard the Specific Plan is not consistent with this policy.</p>
<p>LU-2.1 Sustainable Building Practices - The County shall promote, and where appropriate, require sustainable building practices that incorporate a "whole system" approach to designing and constructing buildings that consume less energy, water, and other resources; facilitate natural ventilation; use daylight efficiently; and are healthy, safe, comfortable, and durable. (RDR)</p>	<p>The Specific Plan discusses green development practices including increasing the efficiency of buildings and their use of energy, water, and materials, and reducing building impacts on human health and the environment through better siting, design, construction, operation, maintenance, and removal. However, the Specific Plan states that the project may incorporate such sustainable design features and does not mandate their incorporation. Development within the Specific Plan may meet the requirements of this policy, but this outcome is not assured.</p>
<p>LU-2.2 Green Sustainable Building Practices - The County shall encourage sustainable building practices that go beyond the minimum requirements of the Title 24 CalGreen Code (i.e., Tier 1 or Tier 2 measures) and to design new buildings to achieve a green building standard such as Leadership in Energy and Environmental Design (LEED). (RDR)</p>	<p>See above (LU-2.1).</p>

Relevant General Plan Policy or Figure	Consistency Determination
LU-2.3 Energy Conservation Standards for New Construction - The County shall cooperate with the local building industry, utilities, and air district to promote enhanced energy conservation standards for new construction. (RDR/IGC/JP)	See above (LU-2.1).
LU-2.4 Solar Access - The County shall encourage new residential subdivisions and new commercial, office, industrial, and public buildings to be oriented and landscaped to enhance natural lighting and solar access in order to maximize energy efficiency. (RDR)	The Specific Plan states that buildings would be oriented to maximize energy efficiency, where feasible. Therefore, the proposed development likely can be developed consistent with this policy.
LU-2.7 Sustainable Location Factor - The County shall encourage new development in locations that provide connectivity between existing transportation facilities to increase efficiency, reduce congestion, and improve safety. (RDR)	The Specific Plan's mobility plan states the development will provide connections to the regional mass transit system, with potential linkage to the Gilroy Transit Center and future BART expansion areas and high-speed rail. However, the Initiative does not ensure connectivity to US 101 which is the proposed primary entry due to lack of property ownership, geotechnical and other considerations. Similar connectivity issues exist between proposed road access points to Highway 25.
LU-6.1 Employment Centers <p>The County shall encourage the development of visually attractive, carefully planned employment centers and industrial uses in areas with suitable topography and adequate public infrastructure, including water, sewer, and transportation access. The County shall encourage New Communities to contain employment centers as well as other uses. (RDR)</p>	<p>The Specific Plan includes an employment center and industrial uses, including 455 acres with 750,000 square feet of light industrial and office development; 261 acres with 5,800,000 square feet of e-commerce logistics and distribution development; 31 acres with 115,000 square feet of business center, retail, hospitality, and civic development; and 831 acres for automotive testing facilities.</p> <p>The Specific Plan states that all infrastructure and offsite roadway improvements necessary to support each phase of development in substantial conformance with this Specific Plan will be provided as required by the San Benito County Code and state law. But see above for infeasibility of primary entry to Specific Plan area (LU-1.2). In addition, water and sewer infrastructure will be self-contained within the Specific Plan area as connections to established utilities are not feasible at this location.</p> <p>The Initiative also states that the Specific Plan Area should be comprised of a series of functional groupings of commercial, office, research and development, logistics, and light manufacturing buildings that should be visually attractive and inviting. The Specific Plan includes design guidelines and a design review process.</p>

Relevant General Plan Policy or Figure	Consistency Determination
LU-6.2 Employment Center Access Where appropriate, the County shall encourage new employment centers and industrial developments near existing or future highway interchanges and major intersections and along existing or future transit, bicycle, and pedestrian and trail corridors, and include transit, bicycle, and pedestrian facilities. The County shall ensure that industrial uses and employment center developments include appropriate transit, bicycle, and pedestrian facilities. (RDR)	The primary access is proposed from the Betabel Road interchange at US 101, a lightly used interchange currently serving primarily a recreational vehicle park. But see above for infeasibility of primary entry to Specific Plan area (LU-1.2). The Specific Plan includes a mobility plan that outlines transit, bicycle, and pedestrian facilities.
LU-6.3 Industrial Uses The County shall encourage industrial land uses to locate in areas that would not pose significant land use conflicts and in a manner appropriate to the type of industrial activity proposed, such as industry in direct support of agricultural operations in agricultural areas and general light industrial services nodes near existing and proposed major transportation infrastructure (e.g., highways like State Route 25 corridor in the North County, arterial roads, rail, and airports). Figure 3-5 shows the locations, Table 3-1 describes the land use designation, and Appendix A, Glossary defines "Centralized Industrial Node Development". (RDR)	The Initiative proposes land uses in areas that would not pose significant land use conflicts and is otherwise consistent with this policy.
LU-6.4 Sustainable Technologies – The County shall encourage all employment and industrial projects to incorporate sustainable technologies including energy and water efficient practices	Refer to LU 2-1. The incorporation of sustainable technologies is not assured, as the Specific Plan states that these practices may or may not be a part of the project.
HS-2.6 Multi-Purpose Flood Control Facilities The County shall encourage multi-purpose flood control facilities that incorporate recreation, resource conservation, preservation of natural riparian habitat, and scenic values of the county's streams, creeks, rivers, and lakes. (RDR)	According to the Specific Plan, and prior to the implementation of a potential Phase 2 of Strada Verde, the riparian habitat along the western boundary of the Specific Plan and adjacent to the Pajaro River will be expanded to add approximately 830 acre-feet of stormwater storage volume to the 100-year floodplain. Also prior to any Phase 2, park land will be constructed adjacent to and east of this new riparian habitat to create a public, regional park that would include a 2.4-mile multi-use trail, benches, and interpretive signage.
HS-6.9 Sensitive Uses near Industrial Facilities A buffer shall be maintained between new sensitive land uses (such as residential subdivisions, schools, day care centers, hospitals and parks) and commercial facilities that conduct bulk-scale receiving, unloading, handling, blending and/or loading of industrial and/or agricultural chemicals regulated as potentially hazardous by state and/or federal environmental protection agencies. The appropriate buffer shall be established on a case-by-case basis. Factors to be considered in establishing the buffer shall include: (1) the impact of development of sensitive land uses on the ability of the regulated facilities to continue current operations, (2) federal and state environmental laws and regulations, (3) the degree of hazard associated with individual industrial facilities, (4) the	Even though this health and safety policy provides that a buffer "shall be maintained," no buffer exists between the proposed new sensitive land uses that would be approved under the Initiative and the adjacent TriCal, Inc. facility. For that reason, the proposed Specific Plan is inconsistent with this policy. Gov. Code. § 65454. Further analysis follows the table.

Relevant General Plan Policy or Figure	Consistency Determination
<p>recommendations of the County Fire Marshall and Environmental Health Department, and (5) emergency response, contingency, and other comparable plans submitted to and/or filed with federal, state or local agencies. This buffer does not apply to feed and supply stores, hardware stores, gas stations or similar facilities that handle such chemicals in retail trade.</p>	
<p>C-1.9 Dedicate Rights-of-Way The County shall require project applicants with property fronting along planned road improvements, as a condition of project approval, to dedicate right-of-way and/or construct improvements in accordance with the Circulation Diagram when (1) a nexus can be established between the proposed project and the dedication and/or construction; and (2) the dedication and/or construction would be roughly proportional to the project's impacts. (RDR)</p>	<p>The Initiative removes Shore Road extension from Figure 6-1, Circulation Diagram (San Benito County Roadway Classifications), and Figure 6-2: Circulation Diagram (Hollister and San Juan Bautista Roadway Classifications). Policy C-1.9 would otherwise require the applicant to dedicate a right-of-way or construct improvements when a nexus exists between the proposed project and the required right-of-way or improvements. In addition, the required right-of-way or improvements would need to be roughly proportional to the project's impacts.</p> <p>The Initiative's proposal for a southern connection across the Union Pacific RR and an unspecified access easement to Highway 25 on an existing farm road includes insufficient information to evaluate or consider it as a viable alternative to the Shore Road extension, for example, there also is no information as to access rights regarding the Union Pacific RR.</p>
<p>ED-1.2 Jobs/Housing Balance The County shall strive to improve the housing balance countywide by providing sufficient employment-based land uses. (RDR)</p>	<p>The Specific Plan states that it would create more than 5,500 direct, indirect, and induced permanent new jobs in the County. If built-out, the Specific Plan would improve the County's jobs-housing balance.</p>
<p>ED-1.7 Sustainable Business Development The County shall encourage the development of environmentally-sustainable businesses that capitalize on green industry sector strengths, particularly new emerging green technologies such as solar energy. (RDR/MPSP)</p>	<p>Based on the available information in the Initiative, it appears Strada Verde is not designed to promote this policy.</p>
<p>ED-2.1 Business Expansion The County shall encourage local and regional businesses to expand their operations, increase their employment opportunities, and increase their competitiveness in the regional market. (MPSP)</p>	<p>The Specific Plan provides for an employment center that could be an area for local and regional business expansion and increased employment opportunities.</p>
<p>ED-3.1 New Job Quality The County shall focus business expansion and industry attraction efforts on companies and institutions that bring quality jobs to the county that provide benefits and self-sufficiency wages for county residents. (MPSP)</p>	<p>The Specific Plan states that the use types proposed would attract businesses that would provide high quality jobs. However, the vast majority of the project as proposed is distribution warehouse and fulfillment centers (85% - 90%), all requiring low to mid-skilled labor, not high-skilled, high-paying jobs.</p>

Relevant General Plan Policy or Figure	Consistency Determination
ED-3.2 New High-Tech Economy The County shall strive to keep pace with the new high-tech economy by supporting businesses that incorporate new technologies, and stay at the forefront of market changes. (<i>MPSP</i>)	According to the Initiative, the proposed development will result in an innovative, self-sustaining technology-based employment center. Such a development would promote this policy.
ED-3.3 New Business Development The County shall encourage entrepreneurial development and business incubators to grow and support start-up businesses, including those in high growth sectors, emerging technologies, and green industries. (<i>RDR/MPSP</i>)	According to the Initiative, the proposed development will result in an innovative, self-sustaining technology-based employment center. Such a development would promote this policy.
ED-8.1 Increased Park/Open Space Use and Connection Create new park space, connect existing and future parks and open space areas/corridors, and encourage public art throughout the County. (<i>RDR/MPSP/JP</i>)	The Specific Plan proposes a new 209-acre park (Pajaro River Park) This new public, regional park would include a 2.4-mile multi-use trail, benches, and interpretive signage. The Pajaro River Park, discussed above, and the Central Channel Greenway, together create a green spine that would span most of the length of the Specific Plan area and the western perimeter. The Central Channel Greenway is a linear area traversing the Specific Plan area horizontally from east to west that would carry storm water through the center of the Specific Plan area to the Pajaro River Park.
ED-8.2 Park and Recreation Maintenance and Establishment Improve existing parks and recreational facilities, where feasible, in need of repair or upgrading, and acknowledge the positive impact on property values from building and maintaining high quality parks across the County. Establish, where applicable, a range of parks and open spaces, including tot lots, neighborhood parks, community parks, skate parks, sports fields and courts, organized sports complexes, plazas/greens and/or green-ways/parkways within new neighborhoods, business districts and commercial areas. (<i>MPSP/PF/SO/IGC</i>)	According to the Initiative, the proposed development would result in the creation of a regional, public park, thereby promoting this policy.
ED-8.4 Walking Distance to Parks Strive to create development patterns such that the majority of residents are within a reasonable walking distance of a park, greenway, public plaza or recreation center. (<i>MPSP</i>)	The proposed Specific Plan area is located in an isolated area within the County and the park referenced in the Initiative is not within reasonable walking distance of residential communities.

As reflected in Table 16, the proposed Specific Plan implicates numerous General Plan policies. Following is a further discussion of select policies.

As to consistencies, the General Plan includes several policies designed to encourage economic development within the County. For example, ED-3.1 and ED-3.2 seek to promote development that keeps pace with the “new high-tech economy” and encourages start-up businesses in “high growth sectors” and other emerging technologies. The proposed Specific Plan states:

[Strada Verde] will serve as an innovative and self-sustaining new employment center for the County [and] [s]pecifically, as a state-of-the-art technology-based employment center, including automotive research and development center....

According to the Initiative, Strada Verde seeks to further economic goals of the General Plan. Although the proposed Specific Plan promotes certain economic goals, the proposal is not consistent with important health and safety objectives of the General Plan, in particular, General Plan Policy HS-6.9, as explained below.

The TriCal, Inc. facility is located immediately adjacent to the northeast portion of the Specific Plan area (APN 013-070-018-000). That facility primarily receives, stores, formulates and repackages fumigants used for soil application (agricultural application – strawberries, etc.). General Plan Policy HS-6.9 (Sensitive Uses near Industrial Facilities) provides in part:

A buffer shall be maintained between new sensitive land uses (such as residential subdivisions, schools, day care centers, hospitals and parks) and commercial facilities that conduct bulk-scale receiving, unloading, handling, blending and/or loading of industrial and/or agricultural chemicals regulated as potentially hazardous by state and/or federal environmental protection agencies.

The appropriate buffer shall be determined on a case-by-case basis. General Plan Policy HS-6.9 also provides that certain factors must be considered in connection with establishing the required buffer, such as the degree of hazard.

A 2020 study commissioned by the County, *Offsite Consequences Analysis and Hazards Buffer Report for TriCal Inc* (OCA Report), analyzed and modeled the degree of hazard associated with the TriCal facility. As set forth in Section 8 of the OCA Report, multiple chemical release scenarios could result in Level Three (serious, life-threatening health effects or death) hazard zones ranging from 2.3 miles to greater than 6 miles in radius from the TriCal site. In addition, some scenarios could result in Level Two (irreversible or other serious health effects) hazard zones ranging from 3.8 miles to more than 6 miles from the site. And prolonged exposures to Level Two chemical concentrations also could lead to even more serious adverse consequences consistent with Level Three impacts. Among other scenarios, the OCA Report evaluated:

- Chloropicrin Aboveground Tank Release. One scenario that was modeled involved the unexpected release of 137,000 pounds of chloropicrin, the contents of a single, 10,000-gallon horizontal aboveground storage tank. This scenario shows that a Level Three hazard zone extends 3.5 miles in radius and that the Level Two hazard zone extends greater than 6 miles in radius from the TriCal facility. This release scenario shows the Level Three hazard zone extending across the entire Specific Plan area.
- Chloropicrin Railcar Release. The report also analyzes a scenario involving the rupture of a single railcar that releases 175,000 pounds of chloropicrin to form a liquid evaporating pool of 1,000 square meters. The Level Three hazard zone extends 4.8 miles in radius and that the Level Two hazard zone extends greater than 6 miles in radius from the TriCal facility. This

release scenario shows the Level Three hazard zone extending across the entire Specific Plan area.

- Phosgene Scenario. Due to the chemical properties of the agricultural fumigants stored at the TriCal facility, a fire or explosion on the site could cause the degradation of chloropicrin to phosgene, a highly toxic chemical. Assuming only one percent of chloropicrin stored in a single tank degrades to phosgene, the release of phosgene into the atmosphere would result in a Level Three hazard zone greater than 6 miles in radius from the TriCal facility, extending across the entire Specific Plan area.
- Methyl Bromide Railcar Release. Another scenario that was modeled involved the release of 175,000 pounds of methyl bromide from a single pressurized railcar. The scenario above shows that a Level Three hazard zone extends 2.3 miles in radius and that the Level Two hazard zone extends 3.8 miles in radius from the TriCal facility. This release scenario shows a Level Three hazard zone extending across most of the Specific Plan area.

As noted above, Policy HS 6.9 of the County's General Plan requires that an appropriate buffer be established on a case-by-case basis for new sensitive land uses adjacent to industrial facilities that handle agricultural fumigants, such as the TriCal facility. The Specific Plan proposes adding a variety of new sensitive land uses immediately adjacent to the TriCal facility. Among other things, those new land uses would allow for the development of hotels, colleges, daycare facilities, event centers, medical facilities, and a neighborhood center and other industrial and commercial uses. The OCA Report concluded that none of the land uses proposed by the Specific Plan should be allowed within 3.5 miles from the TriCal facility.

However, the Specific Plan does not discuss the factors set forth in General Plan Policy HS-6.9 nor does it establish or maintain a buffer between the new proposed sensitive land uses and the TriCal facility. Under the circumstances, an inconsistency exists between the proposed Specific Plan and the General Plan and under Government Code section 65454 "[n]o specific plan may be adopted or amended unless the proposed plan or amendment is consistent with the general plan."

ZONING CONSISTENCY

The Initiative amends Title 25 ("Zoning") of the San Benito County Code to add a new Chapter titled "Strada Verde Innovation Park Specific Plan." This new zoning code section is solely applicable to the Specific Plan area and would not impact other sections of the code. The new code section refers to the Specific Plan for all design criteria. Therefore, the Specific Plan serves also as the zoning code for the Specific Plan area.

6. HOUSING IMPACTS

The Initiative's Specific Plan does not include a housing component and would solely approve industrial and commercial type uses. This section analyzes the Initiative's effect on the use of land, the impact on the availability and location of housing, and the ability of the County to meet its regional housing needs.

General Plan Housing Element Policy HOU-2I states that the County shall ensure that there is sufficient land zoned for a variety of housing types, residential densities and housing prices that will meet the needs for projected growth while providing flexibility on the identification of housing sites (San Benito County Housing Element p. 5-64). Figure 3-6 of the General Plan identifies four New Community Study Areas: Bolsa, San Juan, Fairview, and Union. The General Plan identifies the New Community Study Areas to provide the opportunity for San Benito County to accommodate some future growth in new unincorporated communities, while protecting productive agricultural lands, preserving open space, and creating a sustainable land use pattern in the County. General Plan Policy LU-8.8, encourages design features such as higher density residential uses near employment uses, schools, and neighborhood retail, as well as enhanced pedestrian, bicycling, and transit opportunities for new community areas. The General Plan identifies the area subject to the Initiative as being within the Bolsa New Community Study Area where mixed, self-contained development could occur, including residential development. Approval of the Initiative would not allow for residential development on 2,777 acres, thereby reducing the amount of land available to build more housing in the County.

General Plan Policy LU-8.2 states that development projects will be considered a "New Community" when the development project is a unique, self-contained new development. The Director of Planning and Building Inspection Services has the discretion to determine which projects constitute a New Community, but they would generally be projects that cannot be developed under existing allowed residential densities, even with density bonuses or residential incentives, and contain a variety of proposed uses, including residential, employment, neighborhood retail, as well as an emphasis on pedestrian and bicycle circulation and recreational opportunities.

As set forth in General Plan Policy LU- 8.4, development of any of the four New Community Study Areas requires the approval of a Specific Plan consistent with State specific plan requirements, including the location and intensity of planned land uses and circulation system. The General Plan notes that the plan should result in a more dense land use pattern than would normally be allowed under existing General Plan designations and zoning, provide the opportunity for a mix of land uses and densities (e.g., residential, commercial, mixed-use, employment generating, and public facilities), ensure access and efficient movement by multiple modes of transportation (e.g., car, transit, bicycle, and pedestrians); and provide for energy efficiency and water conservation.

7. TRAFFIC CONGESTION AND ROAD ACCESS

ROAD ACCESS

The Initiative states that US 101 needs to be the primary road access to the project site to minimize traffic impacts to Highway 25. The Initiative also proposes using an existing farm road to Highway 25 for emergency access and building and connecting an additional new road to Highway 25 at some unknown date in the future. However, the Initiative acknowledges that the project applicant(s) and the owners of the Specific Plan area may not own enough property to create a sufficient right of way width needed to connect to US 101 or own property to connect the new road to Highway 25. Section F-45 of the Initiative states “[t]o the extent that providing access or constructing these improvements necessitates securing any interests in off-site property not owned by the Project Applicant(s), such interests shall be secured by way of agreement with the owner(s) of such property or by way of any alternative means authorized by applicable law.” It is our understanding that the width of the land that connects with US 101 as the primary entrance to the Specific Plan varies from 150 feet down to 40 feet. Further, it is our understanding that the project applicants do not own the proposed southern connection (Fraiser Lake Road extension) to Highway 25 it is also not clear what rights the project applicants may have to cross the Union Pacific Right of Way or any properties owned by others.

The Specific Plan identifies the Betabel/Y Road connector as its primary access point into and out of the proposed project, which would require expanding the existing one-lane farm road. The Specific Plan references a maximum 50 foot right-of-way width for the Betabel Road connector to accommodate the majority of traffic into and out of the project site, including large construction-related vehicles during Specific Plan development, semi-trucks to accommodate the proposed distribution and fulfillment facilities once completed, emergency access vehicles and all visitors, customers and employees of the completed project.

The required Betabel/Y Road would be a three plus-mile connector road to US 101. As part of the expansion of that road, a significant portion the road would require retaining walls ranging somewhere between five to ten feet due to the unstable geotechnical nature of the hillside directly adjacent to this area (i.e., significant landslide areas). Much of the retaining walls also would require significant grading and substantial steel tiebacks to anchor the walls, requiring sufficient land ownership in this area to accommodate the primary entry to the Specific Plan Area. In addition, large portions of the Betabel/Y connector road would need to be constructed in the floodplain. Although not a limiting factor on its own, the Specific Plan does not address the impact of the floodplain on the viability of the road access to US 101. Because the project applicant(s) may not own sufficient land needed to connect the project site to US 101 and due to potential technical, geological, and environmental considerations, the proposed primary entry to the Specific Plan area may not be feasible.

TRAFFIC CONGESTION

The Specific Plan proposes an isolated suburban industrial park with no neighboring or inclusive uses that could be reasonably expected to reduce the traffic to and from such an isolated industrial location. The Specific Plan would try to encourage incorporation of modern technologies to minimize vehicle trips within and outside of the Specific Plan area. For example, the Specific Plan states that its proposed circulation network would encourage walking, and bicycling, and it references mass transportation with walkable streets, bicycle paths and lanes, and connections to the regional mass transit system and possible partnerships with transportation companies to provide options for travel to the nearby Gilroy Transit Center. The Specific Plan would include a transit hub, services to be provided by the San Benito Express, where alternative mobility will connect the proposed commercial land uses with Hollister and outlying areas. According to the Specific Plan, this transit hub would ease traffic congestion by reducing the number and length of automobile trips. The proposed Specific Plan also anticipates an Area Transportation Demand Management program to encourage environmentally friendly travel behavior choices; for example, the program would inform the employees working within the Specific Plan area on methods of meeting their transportation needs by carpooling, using transit, or travelling at different times. Ridesharing opportunities for employees within the development area could reduce the secondary effects of development, including traffic congestion.

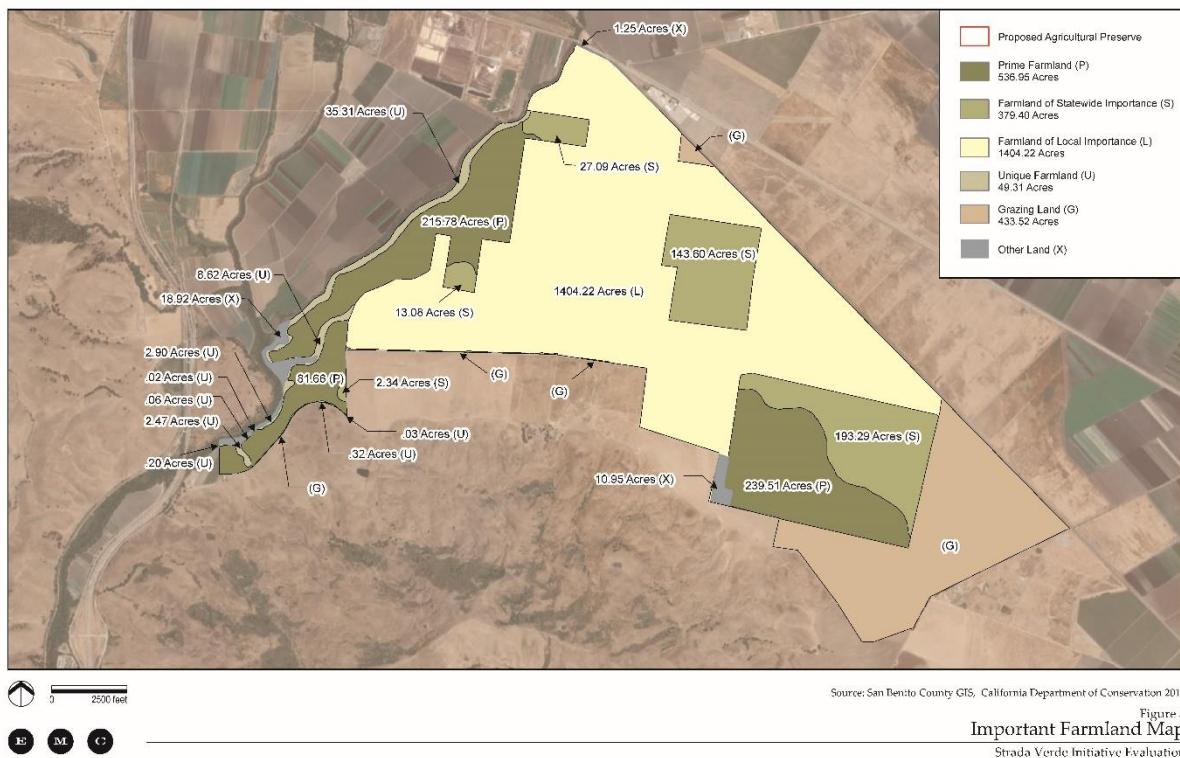
Although the Specific Plan references different possible ways to reduce traffic congestion, the specific large-scale, big box industrial projects proposed by the Initiative make it unlikely that a substantial number of people would walk or bicycle or carpool to the project site. However, the County has an imbalance of jobs to housing, which results in a significant out-commute to the jobs-rich Silicon Valley area, and traffic congestion on regional highways. Development of the proposed projects would create jobs within the region, which might reduce the need for County residents to commute to outlying areas. However, it could also draw new commuters from outside areas to the industrial park.

8. IMPACT ON AGRICULTURAL LANDS, OPEN SPACE, AND VACANT LAND

AGRICULTURAL LANDS

San Benito County comprises about 890,000 acres, about 75 percent of which is agricultural. The General Plan EIR identified certain acreages of Prime, Important, and Unique farmland within the County that it anticipated would be converted to other uses. While new development on certain farmlands is constrained by the General Plan, some urbanization may occur on prime farmland, unique farmland, and farmland of statewide importance. Implementation of the Initiative would result in the approval of a Specific Plan that would allow for commercial development on agricultural land.

Figure 3: Important Farmland Map



The Specific Plan area includes approximately 2,777 acres of unincorporated area in the northwestern portion of the County. The County's General Plan designates approximately 2,629 acres of the Specific Plan area as Agriculture (A) and approximately 275 acres as Rangeland (RG) and the County's Municipal Code designates the Specific Plan area as Agricultural Productive (AP) and Agricultural Rangeland (AR). The agricultural lands within the Specific Plan area are identified by category in [Figure 3, Important Farmland Map](#), including an area proposed for agricultural preserve. However, adoption of the Initiative would change the land use and zoning designations in the Specific Plan area to those that align with the proposed Specific Plan's intentions. The implementation of the Specific Plan is anticipated to convert over 1,500 acres of County-designated agricultural land into predominately industrial uses. The Specific Plan proposes development within the approximate 1000-acre floodplain. While 600-800 acres of the Specific Plan area near the Pajaro River consists of active organic farming located largely within the floodplain area, the Specific Plan would allow a portion of the floodplain to be developed into a park.

Table 17: Existing General Plan Land Use Designations

Strata Verde Specific Plan Area Existing General Plan Designation	Acres
Agriculture (A)	2,629
Rangeland (RG)	275
Total Specific Plan Area	2,777

Table 18: Proposed Strada Verde Specific Plan Land Use Designations

Land Use Designation	Acres
Land Use Area SVIP- IC1 Innovation Center 1	261.1
SVIP- IC2 Innovation Center 2	212.2
SVIP- IC3 Innovation Center 3	243.0
SVIP- IC4 Innovation Center 4	831.0
SVIP- CI Commercial 1	20.7
SVIP- C2 Commercial 2	9.9
SVIP- PRP Pajaro River Park	209.5
SVIP- CG Channel Greenway	264.9
SVIP-1 Agriculture	561.7

Approximately 379 acres within the Specific Plan area are classified by the California Department of Conservation as Farmland of Local or Statewide Importance, approximately 537 acres is classified by the state as Prime Farmland (near the Pajaro River and on the southern end of the Specific Plan area), and 50 acres along the western edge bordering the Pajaro River is classified by the state as Unique Farmland. The Specific Plan would require the preservation of 562 acres of agricultural land including approximately 311 acres of the 537 acres of Prime Farmland.

Table 19: California Department of Conservation Important Farmland Acreages within Specific Plan Area

Classification	Acreage
Prime Farmland	537
Farmland of Statewide Importance	379
Unique Farmland	49

However, 226 acres of Prime Farmland would be designated in the Specific Plan for urban uses. The Specific Plan itself does not provide for adequate Prime Farmland preservation of Prime Farmland (equal to the 226 acres that will be lost to urban conversion) to meet the 1:1 preservation ratio envisioned by the General Plan for Prime Farmland with Class One Soils. The Specific Plan states that approximately 537 acres of the Specific Plan area has been designated as Prime Farmland, but that actual farming practices over the past 20 years have not supported such uses, particularly in the central and western portions of the Specific Plan area. Historical time series images on Google Earth do not support the assertion that the central and western portions of the Specific Plan have been farmed in that manner.

OPEN SPACE AND VACANT LANDS

The Specific Plan proposes a new 209-acre park (Pajaro River Park) that would replace some existing agricultural uses within the floodplain adjacent to the Pajaro River. According to the Specific Plan, and prior to the implementation of a potential Phase 2 of the project, the riparian habitat along the western boundary of the Specific Plan and adjacent to the Pajaro River will be expanded to add approximately 830 acre-feet of stormwater storage volume to the 100-year floodplain. Also prior to any Phase 2, park land will be constructed adjacent to and east of this new riparian habitat to create a public, regional park that would include a 2.4-mile multi-use trail, benches, and interpretive signage. According to the Specific Plan, the Pajaro River Park would be permanently preserved, managed, and made accessible to the public by the project applicant(s), including but not limited to, a possible offer for dedication to San Benito County.

However, even if the Initiative is approved and the Specific Plan is put in place, there is no guarantee that the Pajaro River Park or a public, regional park will actually be developed. The uncertainty surrounding any development is due in part to the fact that these proposed projects do not have to be built unless and until the project proceeds to phase 2. Note also that the project applicant(s) have no obligation to proceed with phase 1.

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