



# SUPPLEMENTAL

COUNCIL AGENDA: 10-28-08

ITEM: 4.3

## Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Ed Shikada  
John Stufflebean

**SUBJECT:** SEE BELOW

**DATE:** October 16, 2008

Approved

Date

10/17/08

**SUBJECT: RECOMMENDATION TO INITIATE COMMUNITY ENGAGEMENT ON ALTERNATIVE USES – SINGLETON AND STORY ROAD LANDFILL**

### SUPPLEMENTAL

#### REASON FOR SUPPLEMENTAL MEMORANDUM

This memorandum provides the City Council with detailed information on the former Singleton and Story Road landfill sites, preliminary property value estimates, and prior analyses of reuse alternatives.

#### BACKGROUND

The City Council will consider a report on “Underutilized City Property” that identifies, among 44 properties citywide, the former Singleton landfill and Story Road landfill as assets with high value and versatility. Because the landfills are large sites that offer many possibilities for both private development and City reuse, the complexity of the issues that must be addressed, and the likelihood that these properties may garner significant community interest, staff will seek authorization to begin the public outreach/community feedback process on these properties. Staff may also issue a request for proposals to solicit interest in private or joint development, in conjunction with opportunities to integrate renewable energy and neighborhood-serving elements:

As this effort is an element of the overall strategy to address the City’s structural budget deficit and focus on critical community services, in parallel staff will bring to Council an Asset Management Report that will include a set of policy recommendations for managing real property assets throughout the City. These policy recommendations will be based on a review of best asset management practices used at other municipalities. Future policy guidelines adopted by Council will then be used to guide staff’s recommendations for alternative reuse options for the former Singleton and Story Road landfill.

## ANALYSIS

The analysis below provides an overview of the former Singleton and Story Road Landfills related to:

1. Site conditions
2. Estimates of property value
3. Reuse alternatives that have been considered

## Site Overviews

### **Former Singleton Landfill Site**

The former Singleton landfill is a 90 acre site located south of Capitol Expressway, and west of Coyote Creek, between Senter Road and U.S. Highway 101. The landfill site has the General Plan designation of Public Park/Open Space and is zoned as R-1-1: Single Family Residential. Residences border the site to the east and south, and Andrew Hill High School is located approximately three hundred feet to the west. The site is accessible directly from Singleton Road, which is a relatively narrow two-lane local street bordered by single-family residential uses, the high school, and churches between Senter Road and the landfills.

From 1964 to 1978, the site operated as two separate sanitary landfills: San Jose Disposal Grounds (privately owned, located north of Singleton Road) and the CSJ Dump (City-owned). In 1973, the City purchased San Jose Disposal, and the site collectively became Singleton Road Landfill, and operated by the City as a municipal landfill until its closure in 1978. Since its closure, the former landfill has remained a vacant unutilized parcel. The cost to operate and maintain the former landfill is \$150,000 annually. The landfill has an aged collection and extraction system in need of repair or complete replacement in the next few years at an estimated cost of \$1-\$1.5 million. Staff has been investigating and monitoring the site for over 20 years (per RWQCB, LEA, CIWMB and BAAQMD requirements) and has generated extensive knowledge and data on landfill gas and local groundwater conditions. It should be noted that if the collection system must be replaced prior to a decision on future uses, significant costs for subsequent modifications may be incurred.

Factors that need to be taken into account in any future development of the site include the need to replace the landfill gas collection and extraction system, and to continue to maintain and operate the system; the need to continue groundwater monitoring; and the need to engineer a land use development that minimizes water infiltration, landfill gas migration, accounts for differential settlement, and that can be approved by regulatory agencies; and to provide a recreational opportunity for the adjacent neighborhood. Any future development on site would also need to consider the 100-foot riparian setback per San José's Riparian Corridor Policy guidelines, trail development along the corridor, and vehicular access.

Previous development proposals for the site, including a golf course in the mid 1980's and a sports complex in early 2000's, have been considered. Extensive community outreach and

discussion occurred with the sports complex proposal, and resulted in a neighborhood-serving park being included as an important element of the development concept. The results of this engagement will provide an important starting point for upcoming outreach and setting priorities for future development.

Most recently, inquiries have been received from Berryessa Flea Market representatives to relocate from their present location, and an independent interest from a brownfields development team have expressed interest in commercial development of the site. Staff has also completed preliminary analysis of solar generation opportunities.

### **Former Story Road Landfill**

The former Story Road landfill is a 49 acre site located at Remillard Court, north of Keyes/Story Road, south of 280 and west of 12<sup>th</sup> Street. The site is divided by property owned by the Union Pacific Railroad. The site is designated as Public Park/Open Space in the General Plan and is zoned as R-1-8: Single-Family Residential. The properties east of the site on Remillard Court are designated as Industrial Park in the General Plan and on zoning maps. The three parcels west of the landfill site are immediately adjacent to residential uses. Currently, there is no direct paved access to the parcels on the western portion of the site. The eastern portion of the site is accessible via Remillard Court.

The site was used as a clay borrow pit by Remillard-Dandini Brick Company from 1891 to 1957. Beginning in 1957 the site operated as a private landfill (aka. Remillard-Dandini Pit) until 1961. In 1961, the City condemned the property and established and operated a municipal landfill until its closure in 1969. Since its closing, the former landfill has remained a vacant unutilized parcel with the exception of a 6 acre portion leased to a radio station for antenna towers until 2018. The cost to operate and maintain the former landfill is \$75,000 annually. Staff has been investigating and monitoring the site for over 20 years (per RWQCB, LEA, CIWMB and BAAQMD requirements) and has produced extensive knowledge and data on landfill gas and groundwater conditions.

The need to maintain and operate the groundwater extraction system; to continue groundwater monitoring; to engineer a development that minimizes water infiltration, landfill gas migration, maintains the necessary right of way for trail access along the creek and along the former rail corridor accounts for differential settlement; and that can be approved by regulatory agencies are factors that need to be taken into account in any future development at the site. Any future development would also need to consider the 100-foot riparian setback per San José's Riparian Corridor Policy guidelines.

### **Other City Closed Landfills**

The City has four other closed landfill sites: Martin Park, Roberts Avenue, Watson Park and Nine Par. The Martin Park and Roberts Avenue sites are being converted to parks-related uses, Watson Park is being redeveloped, and future possibilities for Nine Par are being considered as part of the Plant Master Plan effort.

### **Estimate of Property Values**

Staff has completed an estimate of property value for the Singleton site assuming three different development scenarios: light industrial, office, and retail. Use for residential development was not deemed compatible for the site and has not been considered here. Note that one or more of these development scenarios may not be feasible due to the property's environmental site condition, soil stability and/or ability to economically design development that accommodates physical improvements necessary to meet on-going remediation. The estimates of property value for the former Singleton site range from \$46 to \$57 million depending upon use. It is important to note that these figures presume the City would assume all mitigation costs and fully indemnify the buyer from any costs or liabilities resulting from site contamination. The City's assumption of these obligations and potential liability would need to be explored with Risk Management and the City Attorney's Office. Costs for remediation may vary widely depending on the specific development but will be significant.

In 2004, Carneghi-Bautovich and Partners appraised the Story Road property at \$10.5 million with a highest and best use of Research and Development. The appraiser had access to the City's environmental and geological studies and did consider this information in their conclusions of value. The appraisal concluded that approximately 10 of the 19.56 acres on the eastern portion of the site were developable (for R&D use) with a value of \$10 million. The determination of highest and best use of the western portion of the site was for mitigation (\$586,000).

### **Reuse Alternatives**

As noted above, the critical need for the City to examine options to address its structural budget deficit, including the use of City-owned properties, requires that existing landfills be reviewed for potential economically beneficial uses. In addition, the need to replace aging infrastructure and recent advances in landfill reuse methods and energy generation for the benefit of the community also serve to make this a timely review. These factors notwithstanding, recognizing the importance of prior community input and continuing to ensure that any prospective use is compatible with adjacent neighborhoods will remain critical considerations as this review goes forward.

### **Former Singleton Landfill**

Since its closure, staff has evaluated several development options for reuse of the former Singleton site. Of the options explored none have resulted in further development or remediation of the site. Substantive evaluations of reuse alternatives for the former landfill have included use of the site for:

1. Golf Course
2. Power Purchase Agreements
3. Sports Complex
4. Solar Power Generation

### *Golf Course*

The earliest work to evaluate an alternative use for the Singleton landfill involved converting the site into a municipal golf course. In March 1976, the City conducted geotechnical studies to investigate the sub-surface conditions to determine the permeability and erosion properties of the soil. The studies indicated that development of the landfill into a golf course would require careful planning and special maintenance during use to control large differential settlement, methane gas generated by decomposing debris, and potential ground water contamination.

### *Purchase Agreement w/Power Companies, 2001*

During the California energy crisis in early 2000, a time characterized by extremely high prices and rolling blackouts, the City began evaluating energy generation opportunities on selected City properties. The City conducted negotiations with renewable energy generation companies including Duke Solar, to develop a hybrid power plant combining waste heat and solar energy, and Global Solar, for use of various solar system technologies. Regulatory changes occurred that prevented existing utility customers from leaving their utility service and entering into contracts with energy service providers for the purchase of electricity, thus ending the negotiations at that time.

### *Sports Complex, 2002*

Beginning in 2002, significant planning and community outreach was conducted to evaluate the site to build a sports complex. Sports complexes were identified in Measure P as projects eligible to be funded from general obligation bonds issued pursuant to Measure P. The project scope included master planning, design, and construction of a multi-field softball facility (Singleton Sports Park) and a new landfill gas system. Project goals were to relieve citywide neighborhood parks from intensive use by adult sports groups, provide a high percentage of cost recovery through site programming, and close the landfill according to CCR Title 27 requirements. Planning for the project ceased in April 2005.

The softball complex at this site was determined to be infeasible based on development costs. Most recently, staff began working closely with San Jose State University to determine the suitability of a joint soccer facility on the South Campus area of SJSU, adjacent to Kelley Park.

### *Solar Power Generation*

Several current opportunities make the potential for solar power generation a timely issue. AB2466 signed by the Governor on September 28, 2008, established a "Local Government Renewable Energy Self-Generation Program." The bill authorizes a local agency to receive a credit of up to 1 MW of excess power generated from a metered renewable energy facility on land owned by that agency. Unfortunately, AB2466 restricts power generation to 1 MW of capacity per meter. However, AB 2466 will encourage development of renewable sources of energy at City facilities and properties. Staff will be identifying City facilities and properties for their potential application under this legislation.

One means of achieving the City's Green Vision goal of receiving 100 percent of our electrical power from clean renewable sources is to evaluate the City's underutilized land assets for opportunities to integrate solar and other renewable energy options. The Singleton and Story Road landfills, in addition to other under-utilized land City assets, may present options for solar energy systems, or "solar farms" with larger-sized renewable energy production. Depending on the technology employed, one megawatt of solar power would require three to seven acres of land. For Singleton, this translates into a potential to develop a "solar farm" that produces 11-25 MW of solar power per year. By comparison, the City uses approximately 50 MW a year to power all City operations. A solar farm envisioned would include rows of solar collectors placed at the site, in addition to the needed transmission facilities and security fencing.

Staff's preliminary analysis of the costs to finance and build a large "solar farm" indicates this option may be cost prohibitive to the City. Partnership opportunities with area utilities, or leasing/partnership opportunities with solar developers are being explored and evaluated for their fiscal opportunities and community impact. This type of power/purchase arrangement could provide on-going revenue from leasing fees, royalties from the sale of energy to the utility, and provide clean renewable power for City operations.

### **Story Road Landfill**

While several complex and detailed reuse alternatives have been studied on the former Singleton landfill, less formal development proposals have been discussed on the Story Road landfill site. Alternatives that have been discussed include use of the site for a fire training center, materials recycling facility, and solar energy production.

### **SUMMARY**

The final determination for the future use of these properties will require extensive additional analysis, stakeholder engagement, and further development of specific alternatives. The stigma associated with the use of former landfills for development scenarios will also be a significant challenge that must be overcome. However, there are several successful case studies in our region that demonstrate how reuse on former landfills can be a win-win-win situation, by enhancing the environment, providing financial rewards for a developer and the City, and providing community amenities, services, and aesthetic improvements. Examples in the region of development on former landfills include a Home Depot on an 8 acre site in Colma, an 85 acre office park (Westpoint Office Park) in Redwood City, and a 16 acre sports complex and recreational facility (Belmont Island Park) in Belmont.

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**COORDINATION**

This report has been coordinated with the Departments of Public Works, Planning Building and Code Enforcement, Environmental Services, Parks, Recreation and Neighborhood Services, Public Works, and the City Attorney's Office.

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