CITY OF MORGAN HILL

NOTICE OF PREPARATION and NOTICE OF PUBLIC SCOPING MEETING

Date **March 14, 2019**

To: Responsible Agencies, Trustee Agencies, and Other Interested Parties

Subject: **Notice of Preparation and Scoping Meeting for a Draft Environmental Impact Report for the Proposed Morgan Hill Technology and Mixed-Use Residential Project EIR**

The City of Morgan Hill (City), acting as Lead Agency, will prepare a Draft Environmental Impact Report (DEIR) for the **Morgan Hill Technology and Mixed-Use Residential Project** (project) as identified above and described in the attached materials.

The City is interested in the views of your agency as to the appropriate scope and content of the Draft EIR, as well as any recommended mitigation measures related to responsible and trustee agencies' statutory responsibilities. Please note responsible and trustee agencies will need to use the EIR prepared by the City when considering permits or other approvals required for the project.

The City will consider all comments received in response to the Notice of Preparation (NOP) during the drafting of the EIR. The project location, summary description, a list of potential environmental effects, and the time and location of a public scoping meeting for the project are attached and may be viewed on-line at: https://www.morgan-hill.ca.gov/1765/MH-Technology-EIR

Pursuant to the time limits mandated by State law, responses to this Notice of Preparation must be sent to the City at the earliest possible date, but not later than thirty (30) days after receipt of this notice. Please send written comments to the address below by April 20, 2019.

Morgan Hill Development Services
Attention: Jim Rowe, Project Manager
17575 Peak Avenue, Morgan Hill, California 95037.

(408) 778-6480 | Jim.Rowe@MorganHill.CA.gov

Pursuant to CEQA Guidelines section 15082(c), notice is hereby given that the City of Morgan Hill will conduct a public **Scoping Meeting** on **April 23, 2019 at 7:00 p.m.** at the City of Morgan Hill, Council Chambers, 17555 Peak Avenue, Morgan Hill, CA 95037.

John W. Baty, Principal Planner for — 3/20/2019

Jim Rowe, Project Manager — Date

Notice of Preparation for an Environmental Impact Report
for the Proposed Morgan Hill Technology and Mixed-Use Residential Project

Date of Distribution: March 20, 2019

A. Introduction

The purpose of an Environmental Impact Report is to inform decision-makers and the general public of the environmental impacts of a proposed project that an agency (in this case, the City of Morgan Hill) may implement or approve. The EIR process is intended to: (1) provide information sufficient to evaluate a project and its potential for significant impacts on the environment; (2) examine methods (e.g., project-specific mitigations, uniformly applied development regulations) for avoiding or reducing significant impacts; and (3) consider alternatives to the proposed project.

In accordance with CEQA, the Draft EIR will include the following:

- A summary of the project, its potential significant environmental impacts, and mitigations required to avoid or reduce those significant impacts;
- A project description;
- A description of the existing environmental setting, potential environmental impacts, and mitigations for the project;
- Alternatives to the proposed project; and
- Other environmental consequences of the project, including
    - (1) growth-inducing effects
    - (2) significant unavoidable impacts
    - (3) irreversible environmental changes
    - (4) cumulative impacts, and
    - (5) effects found not to be significant.

Project Location
The approximately 89-acre site is located west of Mission View Road, south of Cochrane Road, east of US 101, and north of Half Road (APN: 728-30-001 through -004; 728-30-006, -008, -009; 728-31-014 through -016). See Figures 1, 2, and 3.

Overview
The Commercial and Industrial components of the project are currently configured in six parcels totaling approximately 61 acres, with Commercial and Commercial/Industrial General Plan designations, and located within three zoning districts: PUD Highway Commercial (CH), Administrative Office (CO), and PUD Light Industrial (IL). The applicant proposes to reconfigure the property into five legal lots (one commercial, three commercial/industrial parcels controlled by the applicant, and one existing commercial/industrial parcel not controlled by the applicant); reduce the Commercial General Plan designation area and increase the Commercial/Industrial General Plan designation area through a General Plan Amendment (File No. GPA2019-0002); and establish a Planned Development (PD) Combining District over the commercial and industrial project area through a Zoning Amendment (File No. ZA2019-0005).

The residential component of the project is approximately 28 acres with an existing General Plan designation of Residential Attached Low. No formal land use entitlement applications are currently on file, and this portion of the project is being evaluated at a programmatic level for a maximum of 300 units. While the City has received a preliminary site plan showing 247 units as part of the Residential

Development Control System (RDCS) application process, the RDCS process is a precursor to a formal land use entitlement application, and the number of units is expected to change as a result. See Figure 4.

B. Project Description

Commercial
The property fronting Cochrane Road will be reconfigured to one legal lot of approximately 2.92 acres. The proposed rezoning will reduce the existing Commercial zoned acreage from +/-30 acres to 2.92 acres for uses consistent with the traditional CH - Highway Commercial Zoning District, allowing a range of retail, administrative, professional services and functions supporting freeway access at major intersections. The maximum FAR is 0.6. The maximum square footage for the development of this property is approximately 75,000 square feet, which will be evaluated in the EIR. However, the anticipated likely development on the site, given parking, landscaping, and stormwater treatment requirements would be approximately 50,000 square feet.

Industrial
This portion of the property will be reconfigured into four legal lots designated for flexible industrial and commercial uses, including advanced manufacturing, warehouse distribution, supporting office, and similar industrial and commercial uses totaling up to 1.06 million square feet on approximately 57 acres. The Industrial designation allows for a maximum FAR of 0.6. The current proposal shows a FAR below 0.45.

- Industrial Lot 1 will be +/- 10.42 acres with a maximum 195,000 sf concrete tilt-up building.
- Industrial Lot 2 will be +/- 14.64 acres with a maximum 325,000 sf concrete tilt-up building.
- Industrial Lot 3 will be +/- 29.66 acres with a maximum 540,000 sf concrete tilt-up building.

Industrial Building 1 is designed to be divisible into up to two tenant spaces – Industrial Buildings 2 and 3 are designed to be divisible into up to four tenant spaces, for 100 percent industrial use including manufacturing/assembly/distribution/fulfillment uses. The buildings will be designed with a maximum height of 55 feet over 95 percent of the lineal parapet area with the ability to increase the maximum height to 90 feet over less than 5 percent of the lineal parapet area to accommodate specialized industrial equipment applications and uses including mechanical equipment, and other potential specialized uses including future telecommunication uses. Features exceeding 55 feet in height will be allowed on the west side of the project.

The remainder of the project site will be parking and landscaping/stormwater treatment as common open space for the benefit of employees and visitors.

A 2.18-acre parcel that is depicted as 'Not a Part' on the Trammell Crow conceptual site plan would be evaluated for future industrial uses, although no specific development application is proposed at this time. The EIR will evaluate for potential future industrial/warehouse uses based on the proposed PD Combining District, assuming 45,000 square feet of industrial office. See Figure 5.

Residential Component East of DePaul Drive
The EIR will evaluate a maximum residential scenario of up to 300 units between DePaul Drive and Mission View Drive, north of Half Road. No formal land use entitlement applications are currently on file, and this portion of the project is being evaluated at a programmatic level for a maximum of 300 units. While the City has received a preliminary site plan showing 247 units as part of the Residential Development Control System (RDCS) competition process, the RDCS process is a precursor to a formal land use entitlement application, and the number of units is expected to change as a result, although not to exceed 300. The

Residential Project's proposed site improvements would include visitor and on-street parking, small neighborhood park areas, sidewalks or pedestrian paths, landscape areas, drive aisles, screen walls, lighting, BBQ/picnic area, and recreation amenities in the common park areas. Total open space area is anticipated to be approximately 2.89 acres.

C. Potential Environmental Impacts of the Project

The EIR will identify the significant environmental effects anticipated to result from development and operation of the project as proposed. The EIR will include the following specific environmental categories as related to the proposed project.

Agricultural Resources
Air Quality
Biological Resources
Cultural Resources
Energy
Greenhouse Gas Emissions
Hazards and Hazardous Materials
Noise
Traffic
Utilities

The remaining environmental topics covered in the 2019 CEQA Appendix G Checklist will be analyzed in the Initial Study and included as an appendix.

Agricultural Resources
Portions of the project site have historically been used for agricultural purposes, including an orchard that is no longer actively cultivated. According to the Santa Clara County Important Farmland 2014 Map, the majority of the site is designated as Prime Farmland, Farmland of Statewide Importance, and Unique Farmland. In November 2014, the City adopted its Agricultural Lands Preservation Program (Preservation Program), which intends to preserve open space agricultural activity within the Morgan Hill Sphere of Influence. The EIR will discuss the project's compliance with the City's General Plan and the Preservation Program's mitigation measures as detailed in the Agricultural Mitigation Ordinance.

Air Quality
The project proposes up to 300 residential units, up to 74,000 square feet of commercial space, and approximately 1.105 million square feet of industrial uses, which in combination exceeds the Operational- and Construction-Related BAAQMD Criteria Air Pollutant and Precursor Screening Level Sizes pursuant to the 2011 BAAQMD CEQA Guidelines. Project operations would generate an increase in air pollutant emissions, resulting in potential community risk impacts to existing nearby sensitive receptors as well as regional criteria pollutants during construction and operations.

The project site is proximate to existing housing located to the east across Mission View Drive and to the south across Half Road and adjacent to the DePaul medical center site to the east across DePaul Drive, which could expose residents and medical center patients and staff, to toxic air contaminants (TACs) during project construction. The EIR will provide an analysis of impacts resulting from Construction TAC emissions upon nearby sensitive receptors based on an air quality assessment to be prepared in accordance with the Bay Area Air Quality Management District's CEQA Guidelines. The air quality assessment will also evaluate potential toxic air contaminant and criteria pollutant health impacts to nearby sensitive receptors during project operations, e.g., trucking activity associated with the three industrial/warehouse buildings, which

are shown with approximately 200 loading docks in combination. The EIR will also account for changes in roadway volumes on existing and proposed roadways and the potential for increased traffic to lead to localized air quality impacts.

While CEQA is primarily concerned with the impacts of a project on the environment and generally does not require agencies to analyze the impact of existing conditions on a project's future users or residents, the City has General Plan policies and regulations that address existing conditions affecting a proposed project, and therefore, the EIR will evaluate the potential exposure of future project residents to TACs sources in the vicinity by examining stationary and mobile TAC sources that may adversely impact residences.

For those portions of the project currently without sufficient detail to allow for detailed modeling of construction activity in the EIR (i.e., the 2.92 acre commercial site, the 2.18 acre Not a Part industrial parcel, and the 28 acre residential site), the EIR will identify future mitigation measures in the form of performance standards that must be met prior to issuance of grading permits for future phases of development, in accordance with BAAQMD health standards and CEQA Guidelines provisions regarding impermissibly deferred mitigation.

Biological Resources

Portions of the project site have historically been used for agricultural purposes, including an orchard that is no longer actively cultivated, but otherwise contain few trees, other than boxed trees for sale, which are not biological resources. The EIR's discussion of tree removal will be based on an arborist report meeting the City's standards. The project site is designated Orchard and Grain, Row-crop, Hay and Pasture, Disked/ Short-term Fallowed in the Santa Clara Valley Habitat Conservation Plan, designations for which no survey requirements apply at the environmental review stage to establish baseline conditions.

Cultural Resources

There is an approximately 1,740sf house on 728-30-004 (part of the residential site) that was built in 1957. Which is therefore required to be analyzed for historic significance under CEQA and the City's Historic Resources Ordinance. There is another house located on 728-31-014 that does not show-up on the Assessor's records. The EIR will be based in part on a Historic Resource Evaluation Report for the project site to identify the historic significance or lack of significance for buildings and site improvements identified to be at least 45 years old. The report will also identify whether any documented historic resources are present in the vicinity and have the potential to be impacted, whether directly or indirectly, by the proposed new structures. Mitigation measures for significant historic resources will be identified, if necessary.

According to the City's archaeological sensitivity map (2000), the project is in an area of archaeological sensitivity due to the past presence of three historic ranch locations in the vicinity. Therefore, an archaeological literature search and field review will be conducted. The City will also consult with any Native American tribes culturally affiliated with the area, if requested to do so, per AB52 requirements. Impacts to significant cultural resources, if any, will be evaluated in the Focused EIR, and appropriate mitigation will be identified.

Energy

The EIR will discuss the amount of energy (i.e., electricity, natural gas, and gasoline use) the project would consume, based on the air quality and greenhouse gas emissions studies to be completed, and information concerning project construction and operations, and identify whether the project's consumption of energy would be wasteful, inefficient, or unnecessary in accordance with Appendix F of the CEQA Guidelines. Mitigation measures will be identified to reduce impacts, as appropriate.

Greenhouse Gas (GHG) Emissions
The proposed project is expected to be operational after 2020, and therefore it is subject to the statewide 2030 GHG targets set by SB 32. GHG emissions resulting from the proposed project will be assessed based on a GHG analysis to be prepared. The GHG analysis would utilize the California Emission Estimator Model Version 2016.3.2 (CalEEMod) to model GHG emissions, and impact conclusions would be based on BAQQMD recommended thresholds. In the event the emissions exceed the 2030 targets, mitigation measures would be identified to attempt to reduce the project's GHG emissions to less than significant levels. The discussion of GHG emissions would be based to the extent possible on the City's General Plan EIR and Greenhouse Gas Reduction Strategy, as well as Plan Bay Area and the statewide Scoping Plan implementing SB32.

Hazards and Hazardous Materials
Phase I/II reports have been prepared for the Industrial portion of the property (approximately 57 acres) and the (2.92 acres) of commercial. The reports indicated that there are no recognized environmental conditions on the site. The remainder of the property that is planned to be residential (28 acres), and the area designated as "Not A Part" (2.18 acres) would be analyzed in the EIR at a program-level and future developments on those sites would need to prepare Phase I/IIs. In addition, the future extension of Avenida de las Padres would also require Phase I/IIs be completed at the time of a project-level review.

Noise
The proposed project site is located east of Highway 101 and south of Cochrane Road and is nearby a medical/health center and residential neighborhood to the east (across Mission View Drive). Noise would be generated during the construction of the project, as a result of increased vehicle traffic along area roadways, and as a result of the operations of proposed land uses within the project area, in particular truck loading and other activity associated with the proposed industrial buildings. A noise and vibration assessment will be prepared to calculate future noise and vibration levels as a result of construction and operation of the project. The noise and land use compatibility of sensitive uses proposed as part the Project will be assessed by adjusting existing noise data based on future traffic noise level projections. Noise impacts resulting from cumulative development of the Project area will also be evaluated. Mitigation measures would be identified for any significant impacts, as needed.

For those portions of the project currently without sufficient detail to allow for detailed modeling of construction activity and operational noise in the EIR (i.e., the 2.92 acre commercial site, the 2.18 acre Not a Part industrial parcel, and the 28 acre residential site), the EIR will identify future mitigation measures in the form of performance standards that must be met prior to issuance of grading permits for future phases of development, in accordance with City noise policies and CEQA Guidelines provisions regarding impermissibly deferred mitigation.

Traffic
A traffic analysis will be prepared for the project. The purpose of the traffic analysis is to satisfy the requirements of the City of Morgan Hill and the Congestion Management Program (CMP) of the Santa Clara Valley Transportation Authority (VTA). The study will be based on the City's current policy to evaluate new development according to level of service (LOS) to determine the traffic impacts of the proposed development on the key intersections and freeway segments in the vicinity of the site during the weekday AM and PM peak hours. At a minimum, the traffic analysis would study 50 intersections and eight freeway segments listed below:

Monterey Road and Burnett Avenue
Monterey Road and Madrone Parkway
Monterey Road and Cochrane Road
Monterey Road and Old Monterey Road

Monterey Road and Wright Avenue
Monterey Road and Central Avenue
Monterey Road and Main Avenue
Monterey Road and Second Street
Monterey Road and Dunne Avenue
Church Street and Dunne Avenue
Butterfield Boulevard and Dunne Avenue
Walnut Grove Drive and Dunne Avenue
US 101 SB Ramps and Dunne Avenue
101 NB Ramps and Dunne Avenue
Condit Road and Dunne Avenue
Murphy Avenue and Dunne Avenue
Butterfield Boulevard and Diana Ave
Butterfield Boulevard and Main Avenue
Butterfield Boulevard and Central Ave
Butterfield Boulevard and Jarvis Drive (South)
Butterfield Boulevard and Sutter Boulevard
Butterfield Boulevard and Cochrane Road
Cochrane Circle and Cochrane Road
Sutter Boulevard and Cochrane Road
Madrone Parkway/Cochrane Plaza and Cochrane Road
US 101 SB Ramps and Cochrane Road
US 101 NB Ramps and Cochrane Road
De Paul Drive and Cochrane Road
Mission View Drive and Cochrane Road
Mission View Drive and Avenida De Los Padres
Mission View Drive and Half Road
De Paul Drive Extension and Half Road (Future)
Condit Road and Main Avenue
Murphy Avenue and Main Avenue (Future)
Vista De Lomas and Burnett Avenue
Butterfield Boulevard and San Pedro Avenue
Monterey Road and Tennant Avenue
Church Street and Tennant Avenue
Vineyard Boulevard and Tennant Avenue
Butterfield Boulevard and Tennant Avenue
US 101 SB Ramps and Tennant Avenue
US 101 NB Ramps and Tennant Avenue
Condit Road and Tennant Avenue
Murphy Avenue and Tennant Avenue
Monterey Road and Vineyard Boulevard
Monterey Road and Watsonville Road
Monterey Road and Spring Avenue
Juan Hernandez Drive and Tennant Avenue
Butterfield Boulevard and Barrett Avenue
Monterey Road and Cosmo Avenue

Study Freeway Segments:

US 101 between SR-85 and Bailey Avenue
US 101 between Bailey Avenue and Coyote Creek Golf Drive

US 101 between Coyote Creek Golf Drive and Burnett Avenue
US 101 between Burnett Avenue and Cochrane Road
US 101 between Cochrane Road and Dunne Avenue
US 101 between Dunne Avenue and Tennant Avenue
US 101 between Tennant Avenue and San Martin Avenue
US 101 between San Martin Avenue and Masten Avenue

The level of service analysis will identify the current operating conditions of the intersections and will evaluate whether the project may have an adverse impact on intersection operations during existing plus project and background plus project conditions. Existing weekday AM and PM peak-hour traffic volumes at the study intersections will be obtained, where available, from recent traffic studies conducted in the area. New manual peak-hour turning movement counts will be conducted at intersections where current counts are either outdated or not available.

A qualitative analysis of the project's effect on transit service in the area and on bicycle and pedestrian circulation in the study area will be included in the traffic report. Proposed bicycle and pedestrian facilities will be evaluated for consistency with VTA's Livable Community design guidelines.

The VMT under each of the future condition scenarios will be calculated for internal and external trips and will be specified in absolute terms (by households and jobs) and per capita.

Portions of the proposed residential units and industrial space will require a General Plan Amendment analysis (GPA). The purpose of the GPA traffic analysis is to estimate the impacts of the proposed land use amendment on key intersections and freeway segments in the vicinity of the project area. The analysis will consist of a long-term evaluation of identified potential development levels on the project site due to the proposed land use amendment. The City of Morgan Hill travel demand model will be used to evaluate long-term effects on the transportation system of the identified development level of the project site.

The traffic report will be incorporated into the EIR to identify potential significant impacts and mitigation measures, if any significant impacts are identified.

Utilities
The EIR will discuss the project's potential to impact utilities and assess water and wastewater demand and supply based upon a Water Supply Assessment (WSA) prepared pursuant to SB610. The WSA, which is required due to the General Plan Amendment and the projected water demand will evaluate water supply and demand for the project during normal and drought conditions with five-year incremental projections to the year 2040. Water supply and demand will be compared to assess the sufficiency of water supply for the project.

The project site was previously used for agricultural uses, served by an existing on-site agricultural well, and therefore the WSA includes evaluation of recent historical water demand to define the net change in water demand by the project. Existing water demand would be calculated for the site using data from the City (as available) and/or applying water demand factors, including estimates of agricultural water use, if needed. Any significant impacts will be identified, as necessary.

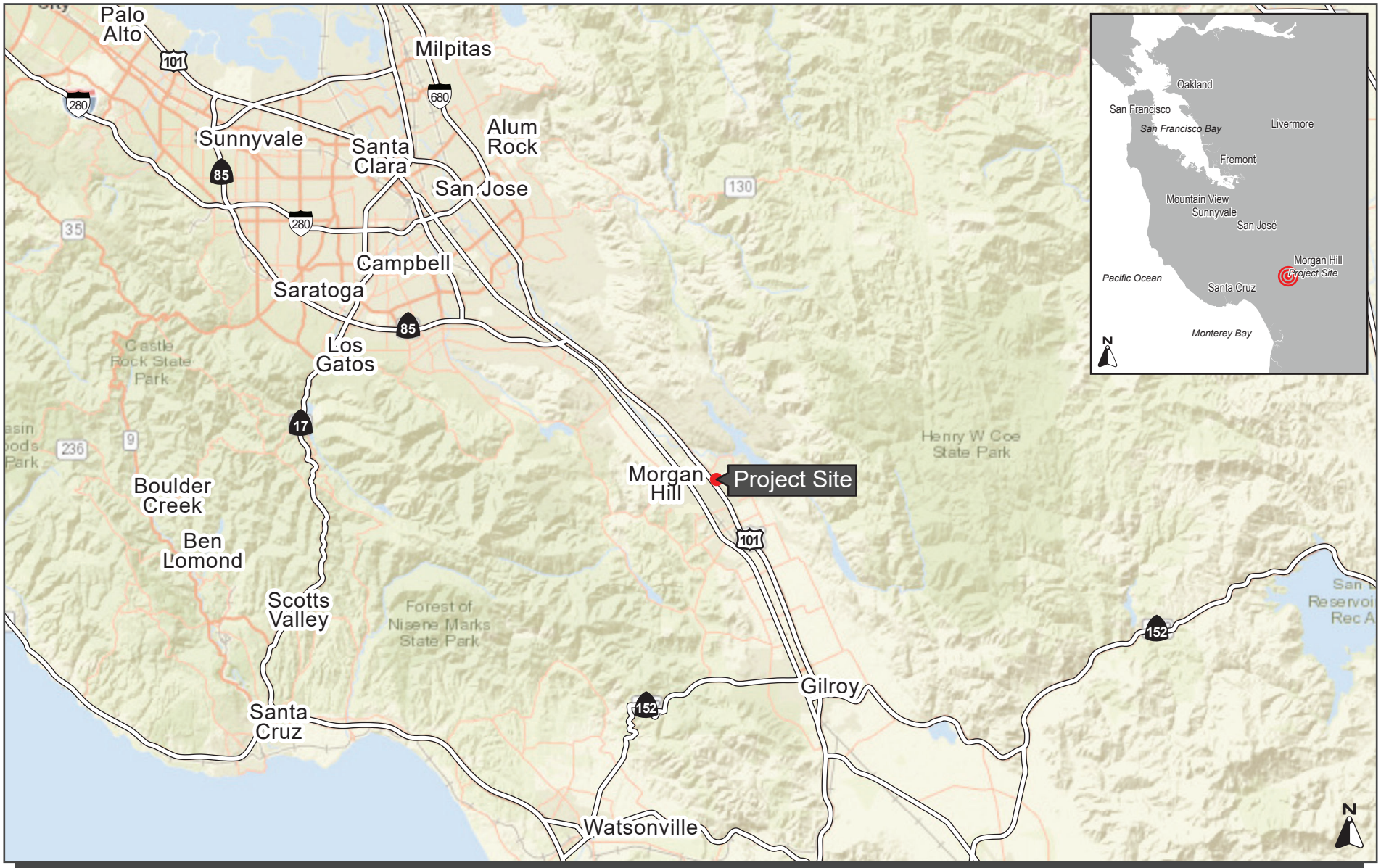
Cumulative Impacts
In conformance with CEQA Guidelines Section 15130, the EIR will include a discussion of cumulative impacts from the project in combination with other past, pending and reasonably probable future development in the area, based on projections for development according to General Plan buildout. The EIR will analyze and describe any significant cumulative impacts to which the project may contribute.

Alternatives
The EIR will evaluate possible alternatives to the proposed project based on the results of the environmental analysis. The alternatives discussion will focus on those alternatives that could feasibly accomplish most of the basic purposes of the project and could avoid or substantially lessen one or more of the significant environment effects (CEQA Guidelines Section 15126.6). The results of the technical analysis noted above will be used to develop a reasonable range of alternatives to be analyzed in the EIR that avoid or lessen project impacts while achieving most project objectives; however, it is currently anticipated that the alternatives to be evaluated in the EIR could include the following:

No Project Alternative;
Reduced Scale Alternative;
Location Alternative(s);
Design Alternative;
Environmentally superior alternative (to be chosen from one of the above).

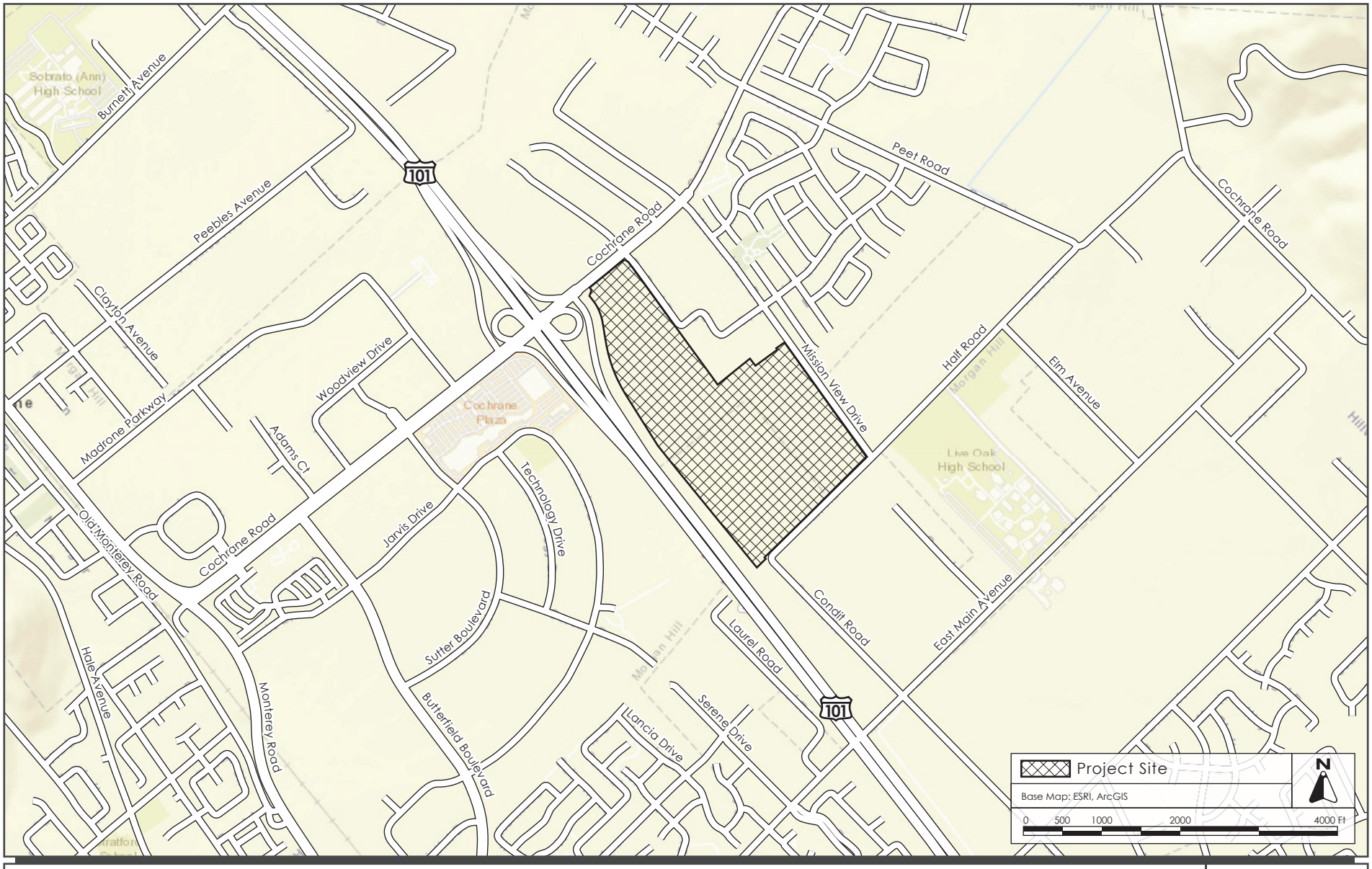
This section will evaluate the impacts of each alternative as required by CEQA (Guidelines Section 15126.6) and based on the "rule of reason." The alternatives discussion will describe the environmental impacts and benefits of the alternatives and compare them with the proposed project's impacts and their ability to achieve project objectives. In accordance with CEQA, the EIR will identify an environmentally superior alternative from the alternatives described, based on the number and degree of associated environmental impacts.

Other Required Sections
The above discussions identify and highlight the major issues to be addressed in the proposed EIR. In conformance with the CEQA Guidelines, the EIR will also contain other sections, including: 1) Significant Unavoidable Impacts; 2) Growth Inducing Impacts; 3) Significant Irreversible Environmental Changes; 4) EIR References and Organizations & Persons Consulted; and 5) EIR Authors.



REGIONAL MAP

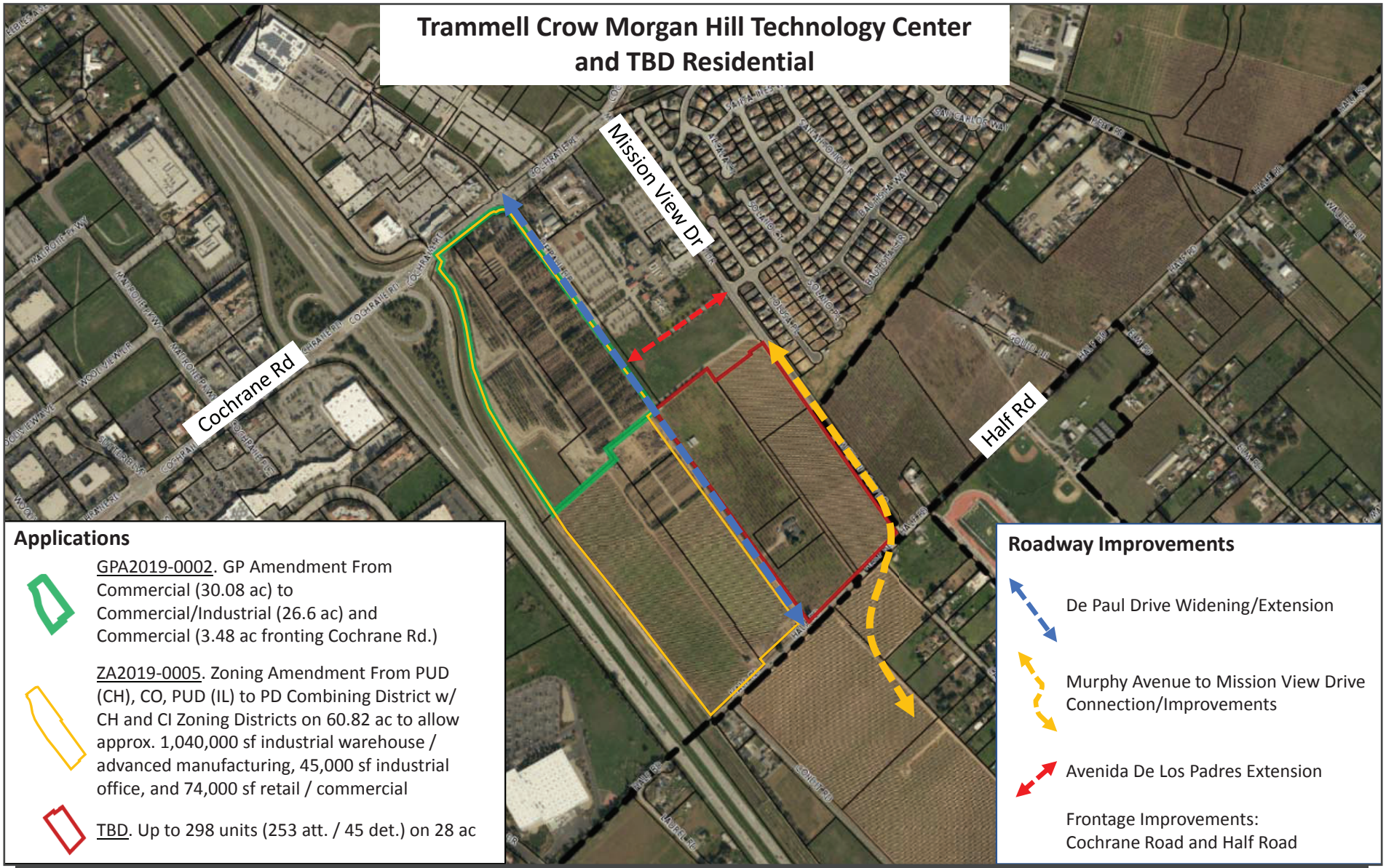
FIGURE 1



VICINITY MAP

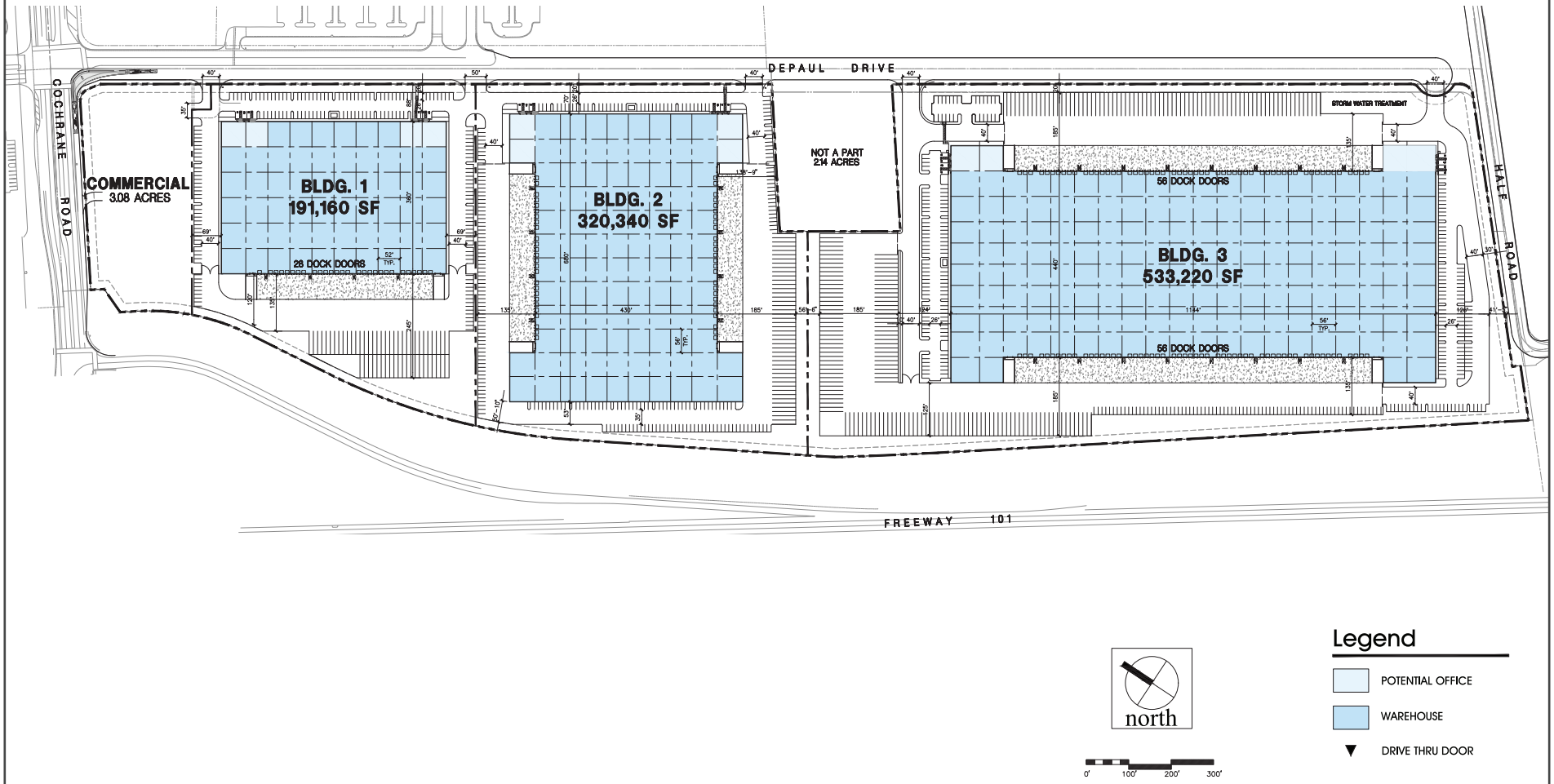
FIGURE 2

AERIAL PHOTOGRAPH AND SURROUNDING LAND USES | FIGURE 3



89 ACRE SITE

FIGURE 4



Source: HPA Architecture, 1/28/2019.

SITE PLAN

FIGURE 5