

# County of Santa Clara Office of the County Executive



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**Approved**  
Meeting Date: March 27, 2007  
Processor Name: Melissa Miller  
Item Number: 10

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Asset & Economic Development  
Director

DATE: March 27, 2007

TO: Board of Supervisors

FROM:   
Peter Kutras Jr.  
County Executive

SUBJECT: County Fairgrounds Property – Conceptual Land Use Options

## **RECOMMENDED ACTION**

Under advisement from August 29, 2006 (Item No. 17): Accept report relating to conceptual land use options for the County Fairgrounds property.

Possible action:

Direct Administration to develop and issue a Request for Proposal (RFP) for developer teams to prepare proposed development scenarios for all or part of the Fairgrounds property, in accordance with Board direction, for subsequent evaluation and presentation to the Board.

## **FISCAL IMPLICATIONS**

There is no fiscal impact to the General Fund in the acceptance of this report and directing Administration to solicit developer RFPs. Should the Board subsequently direct Administration to implement a development plan, the County will realize new revenues in the form of ground leases or the proceeds from the sale of land. The amount of the revenue is not predictable at this time, since it will vary greatly depending on the ultimate land use decisions of the Board and the actual developments that may be pursued.

## **REASONS FOR RECOMMENDATION**

The Board has requested the Administration to return for conceptual discussion of land use options at the Fairgrounds, following the Board's decision not to pursue the Fairgrounds Revitalization Plan and develop the Theater. The conceptual land use options presented today in the attached PowerPoint presentation are only for discussion with the Board, leading to potential direction for further action by the Administration. The Administration is not recommending any specific development scenario at this time. Such a recommendation would be developed upon evaluation of formal proposals by developer teams, should it be the direction of the Board to pursue that course of action.

The individual concepts presented in the various land use options are not necessarily mutually exclusive. Some combinations of the ideas are certainly possible. The options are presented to generate discussion and get direction from the Board.

Threshold Question The threshold question for this discussion is whether the Board wishes to continue the existing or related public uses at the Fairgrounds, or to consider the property as an asset to generate new revenues.

## **BACKGROUND**

### **Informal Development Proposals**

In the months following the August 29, 2006 Board decision not to pursue the Fairgrounds Theater development, the Administration was approached by several development interests for potential use of the Fairgrounds land. Developer Lew Wolff met with the County Executive and staff on two occasions to present the concept of a professional soccer stadium

and mixed-use housing and retail development at the Fairgrounds. Mr. Wolff, who is the owner of the Oakland Athletics Baseball Team, has an option from Major League Soccer to purchase an expansion franchise for the San Jose area (in effect, the return of the San Jose Earthquakes), which can be exercised upon the development of a viable soccer stadium proposal. Subsequently, Mr. Wolff entered into discussions with San Jose State University and the City of San Jose, and appears to have an agreement for the development of a combination pro soccer and college football stadium on University property adjacent to Spartan Stadium.

Similarly, representatives of the San Jose Giants minor league baseball organization approached the County Executive with a tentative proposal to relocate the team from its existing location, Municipal Stadium, to the County Fairgrounds. Subsequently, the Giants entered into discussions with the City of San Jose for the team to remain at Municipal Stadium and for the City to budget several years of capital improvements to the stadium to bring it up to the standards of the California League.

Amateur soccer organizations and the City of San Jose have also informally suggested that the Fairgrounds become a venue for a soccer complex for youth soccer tournaments, with or without the development of a pro stadium. That concept would not provide the County with revenues consistent with the land values. City representatives have also suggested that the Fairgrounds become a large urban park. That discussion did not proceed, since it is the obligation of the City to provide City parks through its general fund and new development fees. City Parks are used for active community participation, including sports leagues, while the County provides thousands of acres of regional parks that are used for passive recreational purposes.

Another informal idea broached by a development consultant, at the time the County was engaged in discussions about a pro soccer stadium, was the potential to develop a stadium in concert with a hotel and retail development, similar to the development for the new stadium of the Sacramento Ports minor league baseball stadium.

Also, a real estate development company proposed that the County outright sell all the Fairgrounds property to the developer, who would then work with the City to determine the highest and best uses.



None of the informal development ideas have been pursued, pending direction from the Board following the current presentation and discussion.

### Conceptual Land Use Options – PowerPoint Presentation

Exhibit 1 – Fairgrounds Property, current configuration. The Fairgrounds proper consists of about 136 acres, and the Tully Road Parking Lot consists of 14 acres, for a total of 150 acres. A parcel of 16 acres of Fairgrounds land was previously dedicated to the new Valley Health Center Tully (4 acres) and to the Fairgrounds Housing Development (12 acres.) This land was annexed into the City of San Jose. The 136-acre Fairgrounds proper is within an unincorporated pocket, surrounded on all sides by the City of San Jose. The County has land use authority over all public uses of its land. If mixed-use, commercial or residential development is proposed, the City would have land use authority. The Tully Parking Lot is within the City of San Jose.

Exhibit 1a – Fairgrounds Revitalization Project and Theater. This depicts the plan that was approved by the Board in its certification of the Fairgrounds Revitalization Project Final Environmental Impact Report (FEIR) in April 2000. Later, it was the subject of two lawsuits, from the City of San Jose, and the San Jose Downtown Association. The County won both lawsuits and will receive a negotiated settlement from the City of \$36.5 million. Subsequently, in August 2006, the Board decided not to pursue the Theater Project.

Exhibit 2 – Development scenario under which all the land is either sold or long-term leased to a developer who would work with the City to determine the highest and best use. Under this scenario, the County would not be involved.

Exhibit 3 – Development scenario under which the Tully Road Parking Lot would be developed as a stand-alone project, as was approved in the Fairgrounds Revitalization FEIR in April 2000.

Exhibit 4 – Development scenario under which the Fairgrounds proper would be developed for mixed use, with the County taking the lead to obtain a development team and potentially secure the initial entitlements in order to increase the land's value. Such mixed use developments might include housing, commercial, retail, light industrial, entertainment such as movie theaters, and continued public uses such as a youth center.

Exhibit 5 – Partial development scenario under which the Monterey Road corridor would be developed for commercial use, consistent with such uses on Monterey Road both north and south of the Fairgrounds.

Exhibit 6 – Partial development scenario under which the Umbarger Road north frontage at the southern end of the Fairgrounds property would be developed for residential use, consistent with neighboring residential developments and the City's plan for the south side of Umbarger Road.

Exhibit 7 – Development scenario under which the Monterey Road corridor would be developed commercially and the remainder of the Fairgrounds proper would be residentially developed.

Exhibit 8 – Partial development scenario under which the Monterey Road corridor would be developed commercially, the Umbarger Road frontage would be developed residentially, and the remainder of the Fairgrounds proper would remain as public use.

Exhibit 9 – Development scenario under which about 2/3 of the Fairgrounds would be developed for residential and commercial use, and about one-third would be retained for public use.

### **CONSEQUENCES OF NEGATIVE ACTION**

Without Board direction, no plans will be forthcoming for the potential redevelopment of the Fairgrounds property.

### **STEPS FOLLOWING APPROVAL**

Depending on Board direction, the Administration will initiate and issue an RFP for developer proposals, or take other actions as directed.