



Community Development Department

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Sharon
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DIRECTOR

Notice of Preparation

**SUBJECT: Notice of Preparation of a Draft Environmental Impact Report for
the Gilroy Data Center (AS 20-23)**

Lead Agency

Agency Name: City of Gilroy

Street Address: 7351 Rosanna Street

City/State/Zip: Gilroy, CA 95020

Contact: Gloria Sciara, Senior Planner
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Consulting Firm

Firm Name: Circlepoint

Street Address: 42 South First Street, Suite D

City/State/Zip: San José, CA 95113

Contact: Andrew Metzger, Project Manager
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The City of Gilroy (the City) will be the Lead Agency under the California Environmental Quality Act (CEQA) and will prepare an environmental impact report (EIR) for the proposed Gilroy Data Center (the project). The purpose of this notice of preparation (NOP) is to solicit input from responsible agencies, trustee agencies with statutory responsibilities related to the project, and the general public as to the scope and content of the environmental information to be included in the EIR. The EIR will be used when considering permits or other approvals related to the project.

The project description, location, and probable environmental effects are contained in the attached materials. Although sometimes prepared in conjunction with an NOP, an initial study is not required per CEQA Guidelines Section 15082 and no initial study was prepared for this NOP. Due to the time limits mandated by State law, your response must be sent at the earliest possible date but **not later than 30 days** after receipt of this notice. The Notice of Preparation period officially begins Friday, November 11, 2022 and ends Saturday December 10, 2022.

You are invited to attend a public scoping meeting that will be held on Tuesday, December 6, 2022 from 4:00 p.m. to 5:00 p.m. via Zoom using the following information.

Link to join meeting: <https://us06web.zoom.us/j/84404502086>; **Dial-in:** (+1) 669-444-9171; **Meeting ID:** 84404502086#

If you need assistance with translation and would like to speak during public comment, please contact the City Clerk a minimum of 72 hours prior to the meeting at 408-846-0204 or e-mail the City Clerk's Office at cityclerk@cityofgilroy.org.

Si necesita un intérprete durante la junta y gustaría dar un comentario público, comuníquese con el Secretario de la Ciudad un mínimo de 72 horas antes de la junta al 408-846-0204 o envíe un correo electrónico a la Oficina del Secretario de la Ciudad a cityclerk@cityofgilroy.org.

For responsible and trustee agencies, please send your response to Gloria Sciara, Senior Planner, Gilroy Community Development Department, at the address shown above. We will need the name for a contact person in your agency.

Project Title: Gilroy Data Center

Project Location: 8050 Camino Arroyo, City of Gilroy, Santa Clara
County

Project Description: Please see attached

Signature:

Date: 11/3/2022

Gloria Sciara

Title: Senior Planner

Telephone: 408-674-2515

GILROY DATA CENTER (AS 20-23)

NOTICE OF PREPARATION

PROJECT LOCATION AND SETTING

Project Site Location

The project site is located within the City of Gilroy at the south end of Camino Arroyo, north of East 6th Street before it becomes Gilman Road, and east of Arroyo Circle approximately 0.2 mile east of Highway 101. The project site is designated as General Industrial by the Gilroy 2040 General Plan and zoned M2- General Industrial. Other land use designations surrounding the project site include General Services Commercial (zoned C-3 Shopping Center Commercial) to the north and south and Low Density Residential (zoned Low and Medium Single-Family Residential) to the west.

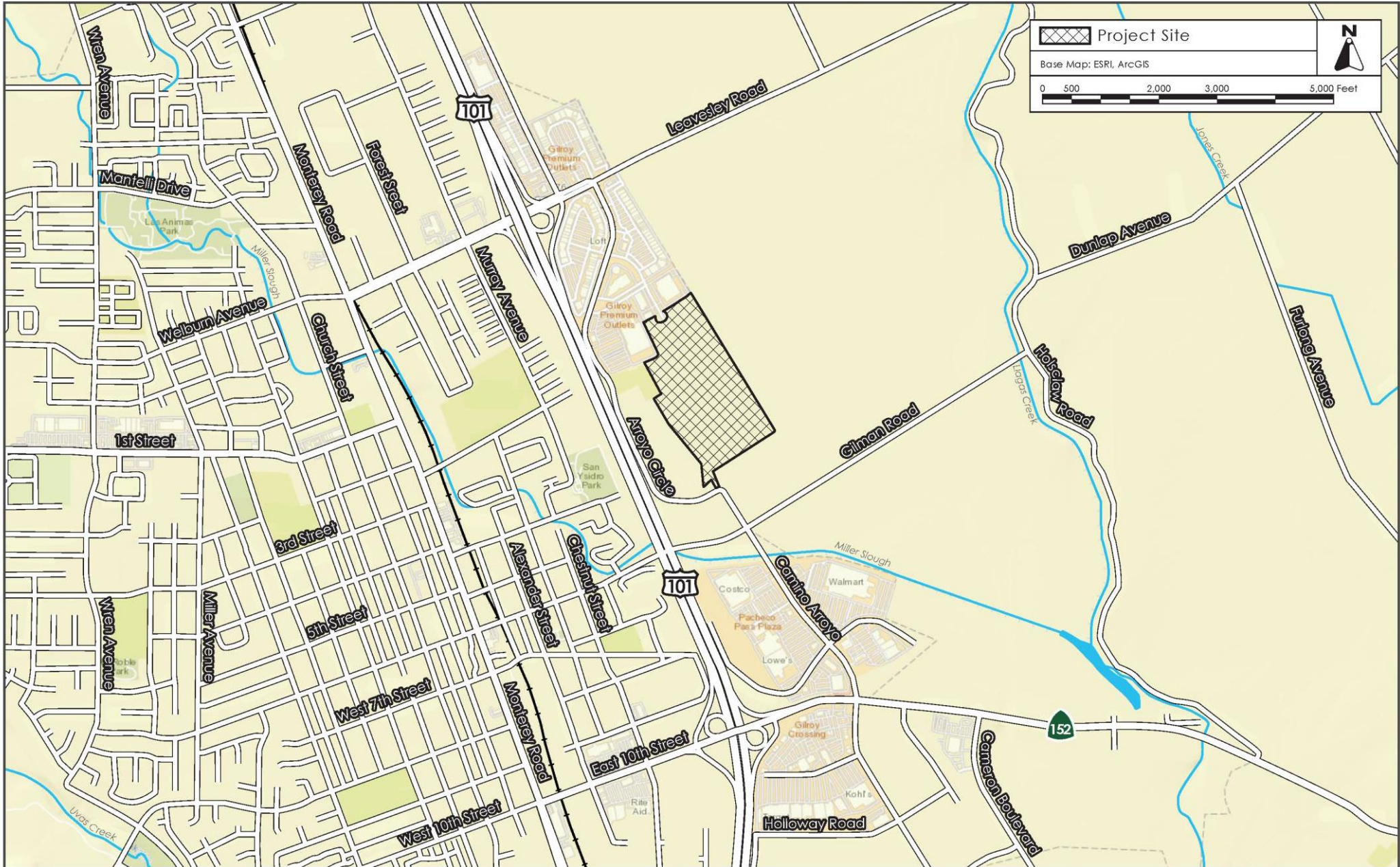
Figure 1 presents the regional location of the project site.

Existing Site Conditions

The project site (APN 841-69-039) is approximately 56 acres of undeveloped, open, flat land that has been designated for industrial uses by the General Plan and Zoning Ordinance for over 25 years. There is very little vegetation present at the project site, which includes sparse patches of grass, five trees, and some shrubs in the northeast corner. There is currently no paved point of access to the project site.

Surrounding Land Uses

Surrounding land uses include commercial, agricultural, public institutional, open space, and public recreation facility. A Gilroy Unified School District office, a dialysis center, a medical office, and a truck parts repair shop border the project site to the west. Active agricultural lands border the project site to the east and southeast. Kaiser Permanente and Valley Health Center medical offices are located southwest, adjacent to the project site. The Gilroy Premium Outlets shopping center is located north of the project site. The closest residences are single- and multi-family homes located approximately 0.25 mile west across United States (U.S.) Highway 101 (U.S. 101). The closest park to the project site is San Ysidro Park to the west across U.S. 101.



Project Location Map

Figure

Source: Kimley Horn, 2022

PROJECT DESCRIPTION

Amazon Data Services (the applicant) proposes to build a data center (the project) at an undeveloped parcel located at the southeast end of Arroyo Circle in the City of Gilroy (the City). The project would support two data center buildings with a maximum electrical demand of 49 MW each and one security building totaling approximately 438,500 square feet. The project would also include the installation of two Battery Energy Storage Systems (BESS) to store energy in case of a power failure, a new electrical substation, and 27 backup generators, which include 25 Tier-2 emergency diesel-fired generators capable of supporting the maximum demand of 49 MW required for full operation of the Phase I servers, a 600 kW emergency generator for safety systems in the Phase I building and a 175kW backup generator for the security building. Backup generators will be equipped with a diesel particulate filter (DPF) verified by the California Air Resources Board (CARB) under Executive Order DE-07-001-08 to reduce emissions of diesel particulate matter by 85 percent or more.¹

Phase II would utilize an emerging technology to provide backup energy in the event of a power failure. This emerging technology would be capable of supporting the maximum demand of 49 MW required for full operation of Phase II; while it is unlikely the emerging technology would emerge during the timeframe assumed for the purposes of CEQA analysis, analysts assumed an accelerated schedule in which Phase II would be constructed as soon as Phase I is finished to present a conservative analysis scenario regarding air quality and greenhouse gas emissions.² Improvements to the property would include ancillary utility infrastructure for connection to existing stormwater, potable and recycled water pipelines, general site grading for stormwater drainage, and landscaping. The entire project site would be secured with an 8-foot high security fence constructed of tubular steel. Offsite utility improvements would include construction of a new recycled water pipeline to connect to the City of Gilroy's Recycled Water System (in coordination with the Santa Clara Valley Water District and in accordance with South County Regional Wastewater Authority's South County Recycled Water Master Plan Project), and PG&E's installation of approximately 1,000 linear feet of new offsite overhead power lines to connect the new substation to the existing electrical distribution grid.

PROBABLE ENVIRONMENTAL EFFECTS

The City has determined that an EIR will be prepared to evaluate potential environmental impacts associated with construction and operation of the project. Probable environmental effects associated with construction and operation of the project are discussed below.

¹ California Air Resources Board (CARB). 2020. Executive Order DE-07-001-08. December 23, 2020. Available at <https://ww2.arb.ca.gov/sites/default/files/classic//diesel/verdev/vt/stationary/rypos/eode0700108.pdf> . Accessed October 2022.

² This accelerated construction schedule is conservative in that new construction equipment and vehicles generally become more fuel-efficient (and therefore release fewer air pollutant and greenhouse gas emissions) over time as new technology becomes available and new regulations go into effect.

Visual Resources

The Gilroy 2040 General Plan outlines policies aimed at protecting the City's visual resources, such as scenic vistas within the City, state scenic highways, and visual character (e.g., landscaping, lighting and glare). The General Plan also designates the following areas as visual resources:

- Hecker Pass Specific Plan Area;
- Hillsides,
- Hecker Pass Highway and Pacheco Pass Highway, Uvas Park Drive, Santa Teresa Boulevard, and Miller Avenue from First Street to Mesa Road;
- Farmland viewed from U.S. 101, and
- Principal gateways to the City (north and south Monterey Street, State Route 152/Hecker Pass Highway, State Route 152/Pacheco Pass Highway, north and south Santa Teresa Boulevard, and at the U.S. 101 interchanges at Masten Avenue, Buena Vista Avenue, Leavesley Road, and Tenth Street.

Additionally, the City has adopted CEQA thresholds aimed at preventing any damage to scenic resources, and preserving the visual character of the above listed areas.

The project site is currently undeveloped but is adjacent to developed areas including the Gilroy Premium Outlets, Kaiser Permanente, and U.S. 101 to the north, south, and west, respectively. The project site is bordered by active farmland to the east. Views from the project site include neighboring buildings and fields, landscaped trees, and distant hills to the east and west. The project would replace a flat, open field with an industrial data center that would consist of two data center buildings and one security building. The data center buildings would be approximately 35 feet at the roof's high point with parapets extending to a height of 45 feet at the high point. This section of the EIR will evaluate the project's consistency with General Plan policies, and compare project-related visual impacts to the City's CEQA thresholds. Additionally, mitigation measures will be developed if necessary to avoid or minimize adverse visual impacts.

Air Quality

The project site is in the San Francisco Bay Area Air Basin (Bay Area Air Basin). The Bay Area Air Quality Management District (BAAQMD), which acts as the regulatory agency for air pollution control in the Bay Area Air Basin, develops and adopts Air Quality Management Plans (AQMPs), which serve as a blueprint for the Bay Area Air Basin to comply with federal and state clean air standards. Sensitive air pollutant receptors near the project site include the Kaiser Permanente hospital to the south, and schools, daycares, residences, parks, and senior living facilities located to the west, across U.S. 101.

Air pollutant emissions would result from project construction and operation. Construction-related emissions would result from ground preparation, grading activities, building erection, parking lot construction activities, use of heavy construction equipment including trucks for spoils hauling, and use of architectural coatings. Offsite construction emissions would result primarily from material transport to and from the site, material placement in the generation yard, and worker travel. Project construction would occur in two phases and is anticipated to last no more than 7 years (in two non-continuous phases). Operational emissions would primarily result from operation of the 27 backup generators for routine non-emergency testing and maintenance purposes, mobile sources such as employee vehicles, and general

operation of the project. This section of the EIR will include a quantitative air quality analysis using BAAQMD's methodology focusing on consistency with current air quality plan control measures and the air quality-related policies outlined in the Gilroy 2040 General Plan.

Agricultural Resources

The project site was previously used for agricultural use, but has been designated for general industrial uses by the General Plan and Zoning Ordinance for over 25 years. Active agricultural land borders the project site to the east and southeast. While these areas would not be directly impacted by the project, construction and operation of the project could indirectly affect agricultural operations. This section of the EIR will evaluate impacts to agricultural resources including the conversion of important farmlands (including prime farmland and farmland of statewide importance), potential conflicts with Williamson Act contracts, and potential impacts associated with land use conflicts where urban development could be proposed adjacent to active agricultural operations. The project is also subject to the City's Agricultural Mitigation Policy which requires that one (1) acre of agricultural land shall be protected for every one (1) acre of agricultural land that is converted to a non-agricultural use. The City's Agricultural Mitigation Policy also requires a 100-foot minimum wide agricultural buffer zone located along adjacent agricultural lands and a fifty (50) foot agricultural transition area between the agricultural buffer area and the project.

Biological Resources

The project site is currently vacant and mostly devoid of vegetation since the land was previously tilled for agricultural purposes. There are no water bodies or wetlands present on the project site. The closest body of water is the Miller Slough located approximately 900 feet west of the site. No U.S. Fish and Wildlife Service (USFWS) Critical Habitat for any species has been recorded on the project site. An Endangered Species Plan (ESP) will be prepared for the project prior to issuance of a grading permit per FEMA requirements (refer to the Hydrology/Flooding section below).

Occurrences of the Pallid Bat (a species of special concern under California Department of Fish and Wildlife) and the Hoary Bat (a Western Bat Working Group (WBWG) Medium Priority species) were mapped by the California Natural Diversity Database within two miles of the project site. However, given the minimal number of trees or other structures on the project site, it is unlikely that either species would be found on the project site itself. No burrowing owl habitats or burrows have been observed on the project site. The project site is within the Santa Clara Valley Habitat Conservation Plan/Natural Community Conservation Plan ("habitat plan"), and therefore subject to its requirements.

This section of the EIR will focus on the following:

- impacts to species covered in the habitat plan;
- impacts to species not included in the habitat plan, but identified as candidate, sensitive, or special status species by the California Department of Fish and Wildlife or the U.S. Fish and Wildlife Service;
- impacts to riparian habitat or other sensitive natural community;
- impacts to wildlife movement; and
- conflicts with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance.

Energy

Pacific Gas and Electric (PG&E) is the primary provider of electricity and natural gas in the City. The primary source of long-term energy use associated with the project will be electricity consumption to keep servers running constantly. To account for this electricity consumption, the project includes construction of a new 98 MW electrical substation that would serve the needs of the project. This section of the EIR will evaluate anticipated energy consumption associated with construction and operation of the project, as well as proposed potential energy conservation measures.

Greenhouse Gas

The project would result in greenhouse gas (GHG) emissions from construction and operation. Construction-related GHG emissions would result from mobile equipment that uses diesel or gas motors, vehicle exhaust associated with traveling to and from the construction site, and tailpipe emissions from trucks hauling materials and spoils. Operational GHG emissions would result from operation of the 27 backup generators for routine non-emergency testing and maintenance purposes, mobile sources such as employee vehicles, and general operation of the project. Although the City intends to develop a GHG reduction plan by the end of 2023, the City has not yet begun that process and has not yet identified a local threshold of significance for GHG emissions. Therefore, this section of the EIR will include GHG analysis using BAAQMD's methodology and thresholds for evaluating GHG emissions impacts related to project construction and operation.

Hydrology/Flooding

The project site is within the Uvas/Llagas watershed, approximately 18 miles east of the Pacific Ocean, and approximately 36 miles southeast of the San Francisco Bay. While currently vacant, the project site was previously used for agricultural production, and thus consists primarily of pervious surfaces. Review of Federal Emergency Management Agency (FEMA) flood mapping shows that the project site is within Flood Zones X and AE. Zone X represents areas of moderate flood risk with a 0.2-percent-annual-chance (or 500-year) of flood hazards. Zone AE represents areas subjected to inundation by the 100-year flood, typically stillwater flooding with minimal wave hazard effects. Due to its distance from the Pacific Ocean and the San Francisco Bay (the nearest waterbodies susceptible to tsunami and seiche hazards), the project is unlikely to be subject to tsunami or seiche hazards.

The National Pollutant Discharge Elimination System (NPDES) General Construction Permit, implemented by the Storm Water Resource Control Board (SWRCB), requires projects disturbing one acre or more of soil to prepare a Notice of Intent (NOI) and Storm Water Pollution Prevention Plan (SWPPP) prior to commencement of construction to minimize the discharge of pollutants and to protect beneficial uses and receiving waters from the adverse effects of construction-related storm water discharges. The project is required to comply with the NPDES Construction General Permit requirements, City of Gilroy's Stormwater Management Plan, Santa Clara Valley Habitat Plan requirements, and the CCRWQCB's stormwater requirements. Prior to issuance of a grading permit, a Conditional Letter of Map Revision-Fill (CLOMR-F) study shall be completed and submitted to FEMA for review and approval. The CLOMR-F will be needed to raise the grade of the building pads and other improved areas to avoid flood construction and insurance requirements. An ESP will be prepared for the application of a CLOMR-F, as required by FEMA.

This section of the EIR will address flooding, drainage patterns and systems, water quality, and the City's

storm water management requirements.

Noise

Surrounding land uses in the project vicinity include residential, industrial, and commercial uses. Industrial land uses include Williams Dental Lab. Commercial land uses include Grins RV Sales, multiple retail stores, Days Inn by Wyndham Gilroy, and the Gilroy Healthcare and Rehabilitation Center.

Project construction would generate noise associated with 1) demolition, site preparation, and grading; 2) concrete/foundation, structural/building exterior/roof; and 3) site work and paving, infrastructure construction foundation and building exterior construction. Pile drivers, which are typically the noisiest construction equipment, would be used in construction of the foundation and building exterior.

Additionally, project operation would generate noise associated with exhaust fans, air handling units, roof-top condensing units, substation transformers, and backup generators. While most of the equipment would operate 24 hours a day, the backup generators would only be tested during daytime hours. Gilroy City Code section 30.41.31 and General Plan Policy PH 6.7 and Table 9-1 (Potential Hazards Element) establishes maximum permissible outdoor and indoor noise levels at residential, commercial, and industrial uses. Project noise impact analysis will be based on the threshold criteria set forth in the General Plan Policy PH 6.3.

Construction activity would result in various levels of ground vibration, depending on the equipment and methods used. Pile drivers are typically the most powerful source of vibration during construction. Project vibration impact analysis will be based on a more conservative threshold for buildings extremely susceptible to vibration damage using the Federal Transit Administration's Transit Noise and Vibration Impact Assessment Manual.

This section of the EIR will include a discussion of short- and long-term noise measurements at the project site. The EIR will analyze construction noise and vibration, including noise generated by traffic associated with construction and operation of the project. As necessary, the EIR will identify effective and feasible mitigations that can be incorporated directly into the project.

Transportation/Traffic

Transit service near the project site includes local bus service provided by the Santa Clara Valley Transportation Authority (VTA) and Caltrain. VTA Local Bus Routes 84 and 85 provide bus service in the project vicinity. VTA Local Bus Route 84 provides weekday and weekend service between the Gilroy Transit Center and Saint Louise Regional Hospital via Tenth Street, Camino Arroyo, and San Ysidro Avenue. VTA Local Bus Route 85 provides weekday and weekend service between the Gilroy Transit Center and Saint Louise Regional Hospital via Sixth Street, Wren Avenue, Kern Avenue, Mantelli Drive, Leavesley Road, and San Ysidro Avenue. The Gilroy Caltrain Station is located at 7150 Monterey Street, roughly one mile west of the site. Caltrain provides train service from Gilroy to San Francisco, with limited-stop service at other stations along the peninsula corridor. Caltrain service to Gilroy is only provided on weekdays; weekend service south of San Jose is not available. Currently, the Gilroy Caltrain station is served by two northbound trains in the morning and two southbound trains in the evening. Pedestrian access to the site is provided by sidewalks on Camino Arroyo where it terminates at the site's northern border. Bicycle facilities comprise paths (Class I), lanes (Class II), and routes (Class III). There are Class II bicycle facilities along Leavesley Road, Camino Arroyo, and Arroyo Circle.

The site is currently undeveloped farmland. Project construction would generate construction related trips, including for materials and spoils hauling, that would be temporary in nature and would cease at the completion of construction activities. Project operation would require a total of approximately 50 full time employees and up to 74 contractors that would be employed as needed to complete special maintenance related projects. The City's General Plan identifies the network of existing and proposed bicycle paths, bicycle lanes, and bicycle routes that are planned to serve the future land uses within the city. Although the City's Trails Master Plan (Bike Master Plan) shows a proposed Class II bike lane through the project site, a Class II bike lane has already been installed along Arroyo Circle, providing the planned north-south bike network connector. Therefore, there is no need to construct additional bicycle facilities through the Data Center site.

The Santa Clara Valley Transportation Authority (VTA) oversees the Congestion Management Program (CMP), which aims at reducing regional traffic congestion. Traffic impact analysis for the project will comply with the guidelines stated in the VTA Congestion Management Plan (CMP). In addition, a Transportation Demand Management (TDM) Program will be prepared prior to commercial operation of the data center.

This section of the EIR will address potential impacts from construction and operation of the project on vehicle miles traveled (VMT),³ complete streets, pedestrian facilities, bikeways, public transit, vehicular transportation, parking, and goods movement.

Utilities and Service Systems

Utility service providers would provide water, wastewater, solid waste, electricity, and natural gas services to the project site.

Water service is currently provided to the project site by the City of Gilroy Department of Public Works. According to the City of Gilroy 2015 Urban Water Management Plan, all of the City's water supply comes from local ground water sources. An existing eight-inch potable water line is located to the south of the project site.

The South County Regional Wastewater Authority (SCWRA) provides wastewater services to the project site, with a current permitted capacity of 8.5 million gallons per day (mgd) for average dry weather flow; the City's current wastewater generation is currently 3.5 mgd, with 1.43 mgd of additional available treatment capacity. The SCWRA Wastewater Treatment Plant Facility Expansion Project is expected to be operational between 2024 and 2026, and would increase the total plant treatment capacity to 11 mgd. The project's wastewater discharge on a peak day would make up approximately 3.6 percent of the SCWRA treatment plant's available capacity for the City of Gilroy.

Solid waste services would be provided by Recology South Valley. Solid waste in the City is disposed of at the John Smith Road Landfill near Hollister; according to CALRecycle the John Smith Road Landfill has a permitted capacity of 9.35 million cubic yards, and a remaining capacity 3.5 million cubic yards.

Pacific Gas and Electric (PG&E) is the primary provider of electricity and natural gas to the City, and would provide energy services to the project site. There are underground electricity lines and overhead lines near the project site.

³ VMT is defined as the amount of travel for all motor vehicles in a geographic region over a given period of time, and is used as a measure of the demand for vehicle travel on public roadways.

The project would not require further new or expanded water service facilities apart from the water pipe upgrade already planned under the City of Gilroy Water System Master Plan. Additionally, Advanced Drainage Systems (ADS) has been working with the City of Gilroy and Santa Clara Valley Water District on the use of recycled water for the project site; a new recycled water main approximately 1.5 miles south of the project site would be extended to the site as a part of the project. Potable water would be the primary water supply for cooling during a portion of Phase I; recycled water would be the project's primary cooling water supply after completion of the new recycled water pipeline, which is anticipated in 2023. Water services will also be used for landscaping and domestic purposes.

The project would include construction of a new 98 mega-watt electrical substation to provide power to the proposed data center, which would connect to existing electrical lines near the project site via a transmission upgrade to be completed by PG&E.

This section of the EIR will address potential impacts from construction and operation of the project on existing utility lines and services for water, wastewater, solid waste, and electricity and natural gas, as well as assess the project's compliance with state and local utility standards.