



Department: Community Development
Cost Center: 4008
For Agenda of: 4/2/2024
Placement: Consent
Estimated Time: N/A

FROM: Timmi Tway, Community Development Director
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SUBJECT: AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR THE MARGARITA AREA SPECIFIC PLAN AMENDMENT

RECOMMENDATION

1. Authorize the issuance of a Request for Proposals (RFP) for the Margarita Area Specific Plan Amendment; and
2. Authorize the City Manager to enter into a multi-year consultant services agreement if proposals are received within the available budget of \$300,000.

POLICY CONTEXT

The activity to consider outside consultant services to amend the Margarita Area Specific Plan is currently identified in the [2023-25 Financial Plan](#), the related Housing and Homelessness Major City Goal work plan, and Municipal Code [Section 3.24.070](#).

DISCUSSION

Background

The Margarita Area Specific Plan (MASP) was adopted in 2004 to support the General Plan's goal for a compact urban form and to provide permanent open space and a mix of housing with supporting services and infrastructure. The MASP was envisioned on properties in the vicinity of the San Luis Obispo County Regional Airport, and any proposed development was subject to the 2002 Airport Land Use Plan (ALUP). The ALUP identified safety subareas that limited residential and non-residential density based on potential aviation hazards. Certain portions of the MASP were within these safety subareas that prohibited or significantly limited residential and non-residential development and required a close look at land use and density considerations to assure that new development would be compatible with the 2002 ALUP. The council adopted a financial plan that included \$300,000 in funding to support a specific plan amendment as part of the 2023 – 25 financial plan.

MASP Current Residential Density

Based on the 2002 ALUP safety subareas (Attachment B), residential development within the MASP was limited to a total of 868 residential units on 142.6 acres of land. This results in a density of approximately 6 residential units per acre. As a comparison, the City’s R-1 zone (low-density residential) allows 7 units per acre. Under the 2002 ALUP, properties zoned R-3 or R-4 were limited to 9.1 acres and 0.8 acres respectively (9.9 acres total), which reduced the overall density of housing within the MASP. Approximately 60 acres of land was designated as R-1 or R-2 zoning.

2021 Airport Land Use Plan Amendments

In 2021, the County of San Luis Obispo amended the 2002 ALUP. The size and shape of the safety subareas around the airport were adjusted by reviewing specific safety data and applicable state and federal standards and now several areas of the MASP are either available for residential development (where not allowed before) or available for higher density residential development. Based on the revised ALUP safety areas and the City’s Major City Goal for Housing, there is an opportunity to increase the number of housing units within the MASP.

MASP Amendment Opportunity and the FY 23-25 Financial Plan

As part of the FY 23-25 Financial Plan (MCG Task 3.1.b), Council identified the opportunity to initiate amendments and an update to the MASP that would increase density on existing residentially zoned land and consider allowing mixed-use development on commercially zoned land consistent with the City’s Housing and Homelessness Major City Goal. To initiate and complete the proposed amendments to the MASP, staff will need consultant assistance and expertise. The project is budgeted for \$100,000 for FY 23-24 and \$200,000 for FY 24-25. This RFP is requesting to utilize the \$100,000 from FY 23-24 and include the future budgeted funds of \$200,000 for FY 24-25 in a multi-year contract so that a consultant can be hired and complete the scope of work envisioned in the MCG Task.

SOBC		Description	Type	2023-24	2024-25
5	Margarita Area Specific Plan Update*	MCG Task 3.1.b - Initiate an update to the Margarita Area Specific Plan to include more housing options of all types (affordable, multi-family, mixed-use) on undeveloped land, and work with property owners on a plan for the completion of the Prado Road extension to Broad Street.	One-time	\$100,000	\$200,000

Anticipated Scope of Work

The RFP is seeking a consultant to complete an amendment and update to the MASP. As outlined in the draft RFP (Attachment C), work would begin in June and is anticipated to be completed by the beginning of 2026. Below is an outline of the scope of work to accomplish this task.

- Review and recommend parcels to rezone to increase density on existing residentially zoned land (for example, changing currently zoned land from R-2 to R-3 or R-4¹).
- Explore and consider opportunities to support the development of Missing Middle Housing design types.
- Rezone Business Park (BP) zoned parcels to Service Commercial (C-S) zoning and evaluate opportunities and propose criteria to allow mixed-use development consistent with the updated ALUP.
- Conduct a resource analysis of available water, sewer capacity, emergency services, etc. for proposed changes in land uses / zoning.
- Conduct a fiscal analysis including but not limited to market conditions, development assumptions, and general fund fiscal impacts in order to inform the proposed mixed-use on rezoned C-S parcels in the MASP.
- Update the applicable capital improvement program and fee program commensurate with any changes in densities and uses. It should also be noted that specific plan preparation fees are eligible for reimbursement pursuant to California Government Code 65456.²
- Conduct the appropriate environmental review as required per the California Environmental Quality Act (CEQA) for the proposed amendments.

¹ R-2 zoning allows 12 density units (d.u.) per acre, R-3 allows 20 d.u. per acre, and R-4 allows 24 d.u. per acre. Zoning Regulations Section 17.70.040(A)(1) outlines the density of residential units as follows:

- a. Studio and one-bedroom dwellings less than 600 square feet = 0.50 unit;
- b. One-bedroom dwellings between 601 and 1,000 square feet = 0.66 unit;
- c. Two-bedroom dwelling = 1.00 unit;
- d. Three-bedroom dwelling = 1.50 units;
- e. Dwelling with four or more bedrooms = 2.00 units.

² Section 65456 – Specific plan fee

- a) The legislative body, after adopting a specific plan, may impose a specific plan fee upon persons seeking governmental approvals which are required to be consistent with the specific plan. The fees shall be established so that, in the aggregate, they defray but as estimated do not exceed, the cost of preparation, adoption, and administration of the specific plan, including costs incurred pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code. As nearly as can be estimated, the fee charged shall be a prorated amount in accordance with the applicant's relative benefit derived from the specific plan. It is the intent of the Legislature in providing for such fees to charge persons who benefit from specific plans for the costs of developing those specific plans which result in savings to them by reducing the cost of documenting environmental consequences and advocating changed land uses which may be authorized pursuant to the specific plan.

Next Steps

If approved, the RFP will be published on the City’s website and distributed to qualified consultants. After the submission date has closed, staff will review the proposals received and interview consultants. A multi-year contract award will occur as soon as a consultant is selected if the Council approves the ability to utilize the \$100,000 budgeted for FY 23-24 and the \$200,000 for FY 24-25.

Previous Council Action

City Council adopted the City’s Major City Goal of “Housing and Homelessness” for the 2023-25 financial plan.

Public Engagement

Staff will notice the RFP release in alignment with proper procedures for public bidding as mandated in the Municipal Code. Staff will also circulate the notice to interested parties and post on BidSync.

CONCURRENCE

The Finance Department reviewed and provided input on the draft RFP.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act does not apply to the recommended action in this report, because the action does not constitute a “Project” under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: Yes
Funding Identified: Yes

Budget Years: 2023-2025

Fiscal Analysis:

Funding Sources	Current FY24 Budget / Cost	FY25 Budget / Cost	Total Project Cost
General Fund 101.4003.61013	\$100,000	\$200,000	23-25 SOBC- MCG Task 3.1b General Fund One-time allocation
Total	\$100,000	\$200,000	\$300,000

The activity to consider a multi-year consultant services agreement to amend the Margarita Area Specific Plan was approved as a Significant Operating Budget Change (SOBC) in the 2023-2025 Financial Plan, and \$100,000 has been appropriated by Council in FY 2023-24 and an additional \$200,000 is programmed for FY 2024-25. (Attachment D) from: Operating Budget Table A-45.

The RFP will have a “not to exceed” amount of \$300,000, consistent with the amount budgeted for this effort in the General Fund in the 2023-2025 Financial Plan.

ALTERNATIVES

1. ***Provide different directions to staff.*** The City Council can provide additional or different direction to staff regarding the scope of work, based on the identified issues and considerations, and continue authorization of the RFP.
2. ***Continue this item.*** Continue the discussion regarding the authorization of the RFP and provide staff direction on additional needed or necessary changes.
3. ***Do Not Approve.*** Do not approve authorizing a Request for Proposal (RFP) to amend the Margarita Area Specific Plan. This is not recommended as this is a Major City Goal.

ATTACHMENTS

- A - MASP zoning map with the updated 2021 ALUP safety zones
- B - MASP zoning map with 2002 ALUP Safety Zones
- C - Draft Request for Proposals
- D - 2023-25 Financial Plan Operating Budget pg. 170