



Council Agenda Report

Department Name: Community Development
Cost Center: 4003
For Agenda of: April 21, 2020
Placement: Public Hearing
Estimated Time: 15 Minutes

FROM: Michael Codron, Community Development Director
Prepared By: Kyle Bell, Associate Planner

SUBJECT: INITIATION OF A PROJECT TO REZONE A PROPERTY FROM BP-SP TO C-S-SP TO ALLOW FOR A MIXED-USE DEVELOPMENT PROJECT CONSISTING OF 280 RESIDENTIAL UNITS AND 15,000 SQUARE FEET OF COMMERCIAL SPACE. PROJECT INCLUDES AUTHORIZATION OF A REQUEST FOR PROPOSALS FOR THE PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT

RECOMMENDATION

Receive a summary presentation on the project proposal from staff and the project applicant and consider directing staff to proceed with the following:

1. Proceed the processing of the Project through the entitlement process; and
2. Authorize the issuance of a Request for Proposals (RFP) for the preparation of an Environmental Impact Report (EIR) for the Project and related entitlements; and
3. Authorize the City Manager to enter into a consultant services agreement with the consultant that best responds to the RFP in terms of qualifications, cost, and approach, that is funded (consultant and staff costs) solely by the Applicant.

DISCUSSION

The purpose of the initiation of this Project before the City Council is to provide for the orderly processing of a Project Application requesting a General Plan Amendment and Rezone in a manner consistent with the overall goals of the community's planning program and the requirements of State law. It is intended to assure that the General Plan is amended for good reason and with due consideration of community-wide interests, to achieve and maintain internal consistency of General Plan elements, and conformance with other guiding documents such as the Airport Area Specific Plan (AASP).

Staff has determined that California Environmental Quality Act (CEQA) compliance for the project requires preparation of a Project EIR that evaluates potential environmental effects and identifies project alternatives. If initiated by Council, an RFP (Attachment A) will be published on the City's website and distributed to consultants with relevant experience in the preparation of a project-level EIR with similar environmental issues and constraints.

Background

The site is composed of 11.1 contiguous acres at the northeast corner of the designated Santa Fe realignment and Tank Farm Road. It is comprised of two separate parcels: APN: 053-421-06 and APN: 053-421-02. The site slopes from the northwest to southeast, with site elevations at 210 feet at the top of the Flower Mound, and 150 feet at the Acacia Creek/Tank Farm Road headwall. Acacia Creek borders the project on the east, although the creek area itself is located on the adjacent parcel to the east.



Figure 1: Conceptual Site Plan

The project site is currently zoned Business Park (BP-SP) within the AASP. The BP zone as well as the AASP prohibit residential uses at this location. The project application proposes to amend the AASP and rezone the property to Commercial Services (C-S-SP) zone to allow for a mixed-use project, similar to what has been approved on the adjacent property at 650 Tank Farm (March 5, 2019, Council Agenda Report for the Ordinance Adoption of 650 Tank Farm: <http://opengov.slocity.org/WebLink/DocView.aspx?id=91166&dbid=0&repo=CityClerk>). The proposed mixed-use project consists of 280 residential units and approximately 15,000 square feet of commercial space. The residential units are provided within three different housing types: 140 townhomes, 100 stacked flat units, and 40 studio and one-bedroom units over the commercial structures. The townhome and stacked flat units are intended as ownership units, while the mixed-use units will likely be a rental product (Attachment B).

The project will be required to construct or contribute to several major improvements to transportation infrastructure as identified by the Circulation Element and AASP including the Santa Fe/Tank Farm Road roundabout, Santa Fe re-alignment, and associated improvements for Santa Fe Road including two travel lanes and Class IV bike paths. The full extent to fair share contributions and/or mitigation measures to implement transportation projects will be fully evaluated and defined through the development review process.

Policy Context

Land Use Designation. The Business Park land use designation provides for research and development and light manufacturing in a campus setting. The Project's proposed Services & Manufacturing designation provides for a wide range of uses including business and professional services, medical services, research and development, and retail sales. It also provides for residential uses as part of a mixed-use project with a residential density of up to 24 density units/acre.

The development conceptually identified for the project site would be consistent with allowances for mixed-use projects in the Services & Manufacturing land use designation. The City's General Plan provides several policies regarding mixed-use development. The following provides a discussion and initial analysis of the proposed project in regard to these policies.

Major City Goal. Housing was determined to be one of the most important, highest priority goals for the City to accomplish over the 2019-21 Financial Plan. The goal states: *Facilitate the production of housing with an update of the Housing Element, including an emphasis on affordable housing (including unhoused people) and workforce housing through the lens of climate action and regionalism.*

Housing Element. The Housing Element (HE) Policy 6.10 encourages infill residential development and the promotion of higher-residential density where appropriate¹.

Land Use Element. In accordance with the Housing Major City Goal cited above and Housing Element policies and programs, the proposed General Plan amendment, Specific Plan amendment and Rezone would allow for the development of a mixed-use project. The proposed project would facilitate several General Plan policies such as: Land Use Element (LUE) Policy 2.2.6², as the project site provides a variety of housing types within close proximity to public transportation and is located within walking distance to MindBody Headquarters, SESLOC Federal Credit Union, and other nearby employers, as well as retail uses and other services of the Marigold Shopping Center; and LUE Policy 1.5³, as the project would help reduce the gap between housing demand and supply by supporting additional residential units

Additionally, the LUE encourages mixed-use projects where they can be found to be compatible with existing and potential future development. The LUE encourages compatible mixed uses in commercial districts and specifically discusses residential and commercial mixed use (LUE Policy 2.3.6)⁴. LUE Policy 10.1 (Neighborhood Access) states that *all residences should be within close proximity to food outlets including grocery stores, farmers' markets, and community gardens.*

¹ **HE Policy 6.10.** *To help meet the Quantified Objectives, the City will support residential infill development and promote higher residential density where appropriate.*

² **LUE Policy 1.5. Jobs/Housing Relationship.** *The gap between housing demand (due to more jobs and college enrollment) and supply should not increase.*

³ **LUE Policy 2.2.6. Neighborhood Characteristics.** *The City shall promote livability, quiet enjoyment, and safety for all residents. Characteristics of quality neighborhoods vary from neighborhood to neighborhood, but often include one or more of the following characteristics: A mix of housing type styles, density, and affordability. Design and circulation features that create and maintain a pedestrian scale. Nearby services and facilities including schools, parks, retail (e.g., grocery store, drug store), restaurants and cafes, and community centers or other public facilities. A tree canopy and well-maintained landscaping. A sense of personal safety.... Convenient access to public transportation. Well-maintained housing and public facilities.*

⁴ **LUE Policy 2.3.6. Housing and Businesses.** *The City shall encourage mixed use projects, where appropriate and compatible with existing and planned development on the site and with adjacent and nearby properties. The City shall support the location of mixed-use projects and community and neighborhood commercial centers near major activity nodes and transportation corridors / transit opportunities where appropriate.*

LUE Policy 10.4 (Encourage Walkability) states that *the City shall encourage projects which provide for and enhance active and environmentally sustainable modes of transportation, such as pedestrian movement, bicycle access, and transit services.* The immediate surrounding neighborhood provides services, facilities and resources within a half mile of the project site: a day care, drug stores, restaurants, schools, a major grocery store, a bank, several places of worship, a fitness center, medical and/or dental services, personal care services, and a full-service supermarket are currently located within biking or walking distance of the project site.

Airport Area Specific Plan. The AASP was initially adopted on August 23, 2005 and provides a planning framework for future growth and development within the approximately 1,500-acre area along the City's southern boundary. The AASP sets forth guidance for land use, conservation and resource management, community design, circulation and transportation improvements, and utilities and services needed in the planning area. The AASP has been amended multiple times, with the last amendment adopted in March 2019, with the approval of the 650 Tank Farm project. Amendments to the AASP require review by the County Airport Land Use Commission (ALUC).

The proposed Specific Plan Amendment would allow for the site to be developed with a mixed-use project. This would accommodate the continuation and expansion of the residential uses in the vicinity (650 Tank Farm). This residential expansion is an example of urban infill development that would improve and enhance the supply of housing near jobs and services, and is consistent with many General Plan goals, policies, and programs (as discussed above). The project would need to conform to all relevant design considerations and performance standards.

Consistency COVID-19 Orders and Current Fiscal Contingency Plan.

This activity, planning for housing production, is presently allowed under the State and Local emergency orders associated with COVID-19. This Project, the EIR, and associated staff work, will be reimbursed by the Developer directly or indirectly through fees and therefore consistent with the guidance of the City's Fiscal Health Contingency Plan.

Next Steps

Once all application materials are collected and the project applications are deemed complete, and environmental review has been conducted pursuant to CEQA, public hearings will be scheduled before the ALUC and Architectural Review Commission (ARC). The ARC will provide a recommendation to the Planning Commission (PC). The PC will review the project and associated entitlements for consistency with the General Plan, Zoning Regulations, and applicable City development standards and guidelines, with a recommendation to City Council for final action. Associated entitlements are envisioned at this time to include: Environmental Impact Determination, General Plan Map Amendment (includes rezoning), Specific Plan Amendment, Minor Subdivision, Minor Use Permit, and Development Review (Major).

Public Engagement

Consistent with the City's Public Engagement and Noticing (PEN) Manual and the City's Municipal Code, the project was noticed per the City's notification requirements for Development Projects. Newspaper legal advertisements were posted in the New Times ten days prior to the hearing. Additionally, postcards were sent to both tenants and owners of properties located within 300 feet of the project site ten days before the hearing.

CONCURRENCE

The project was previously reviewed by other City Departments through a pre-application meeting held on June 6, 2019 including Community Development (Planning and Engineering) and Public Works (Transportation), Fire, Building, Utilities, and Administration (Natural Resources). No additional concurrence has occurred at this time as further review from the other departments is dependent on the results of the Council initiation. The project entitlements will be routed to the various City Departments to ensure that staff has adequate information for a complete application to evaluate the project and identify any conflicts with City standards or guidelines. All City Departments will be providing comments that will be incorporated into the staff reports and recommended resolution/ordinance as conditions of the project.

ENVIRONMENTAL REVIEW

The CEQA does not apply to the recommended action in this report because the action does not constitute a “Project” under CEQA Guidelines Sec. 15378. Future applications for entitlements will be subject to CEQA at the time the applications are filed.

FISCAL IMPACT

Budgeted: Yes

Budget Year: N/A

Funding Identified: No

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	N/A			
State				
Federal				
Fees				
Other:				
Total				

There is no fiscal impact associated with initiating project applications. The developer will reimburse the City for all staff and consultant fees associated with processing the applications. As part of the applications, the applicant will be required to prepare a fiscal impact study that would analyze the project’s effects on the City. Due to the size of the project, the applicant will be paying for actual costs for staff and consultant time rather than a flat fee to process all of the required permits and to coordinate the preparation of an EIR.

ALTERNATIVES

1. **Deny the consideration of the application.** The Council should provide findings in reference to specific General Plan provisions that identify the project as inconsistent with overall General Plan policy direction.
 - a. Decline to authorize the RFP or deferred to a future time.
2. **Continue consideration of the application to a future date.** The Council can continue review of the project to a future meeting. If this alternative is taken, the Council should provide direction to staff regarding additional information needed to provide further direction regarding the project application.
 - a. Provide direction regarding an amended RFP and continue authorization of the RFP to a date uncertain. This alternative is recommended if the City Council would like to review and consider major revisions to the RFP.
3. **Initiate the project application and provide direction regarding an amended RFP.** The Council may authorize the RFP based on finalization and approval by the Community Development Director. This alternative is recommended if the Council provides direction resulting in minor revisions to the RFP.

Attachments:

- a - Request for Proposal to Prepare EIR**
- b - COUNCIL READING FILE - Project Proposal**



Council Minutes

City Hall, 990 Palm Street, San Luis Obispo

Tuesday April 21, 2020 Regular Meeting of the City Council

CALL TO ORDER

A Regular Meeting of the San Luis Obispo City Council was called to order on Tuesday, April 21, 2020 at 6:01 p.m. by Mayor Harmon, with all Council Members teleconferencing.

ROLL CALL

Council Members

Present: Council Members Carlyn Christianson, Andy Pease, Erica A. Stewart, Vice Mayor Aaron Gomez, and Mayor Heidi Harmon.

Absent: None

City Staff

Present: Derek Johnson, City Manager; Christine Dietrick, City Attorney; and Teresa Purrington, City Clerk; were present at Roll Call.

PRESENTATIONS

1. SEXUAL ASSAULT AWARENESS MONTH PROCLAMATION

Mayor Harmon presented a Proclamation declaring April to be "Sexual Assault Awareness Month" to RISE.

2. ECONOMIC RECOVERY AND RESILIENCY PROJECT PLAN PRESENTATION

City Manager Derek Johnson and Assistant City Manager Shelly Stanwyck presented a PowerPoint on the Economic Recovery and Resiliency Project Plan.

PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

None

---End of Public Comment---

CONSENT AGENDA

ACTION: MOTION BY COUNCIL MEMBER STEWART, SECOND BY COUNCIL MEMBER CHRISTIANSON, CARRIED 5-0 to approve Consent Calendar Items 3 thru 7.

3. WAIVE READING IN FULL OF ALL RESOLUTIONS AND ORDINANCES

CARRIED 5-0, to waive reading of all resolutions and ordinances as appropriate.

4. MINUTES REVIEW – APRIL 7, 2020 CITY COUNCIL MEETING

CARRIED 5-0, to approve the minutes of the City Council meeting held on April 7, 2020.

5. AUTHORIZATION TO ADVERTISE ON-CALL SERVICES REQUEST FOR QUALIFICATIONS – STRUCTURAL ENGINEERING DESIGN SERVICES

CARRIED 5-0, to:

1. Approve the Request for Qualifications (RFQ) to provide Structural Engineering Design Services, Specification No. 5009.2020.SE; and
2. Authorize the City Manager to execute agreements with selected consulting firms; and
3. Authorize the Finance Director to execute and amend Purchase Orders for individual consultant service contracts not-to-exceed the authorized project budget; and
4. Authorize the City Engineer to amend or extend the agreement for services in accordance with its terms and within the available annual budget.

6. AGREEMENT WITH ASCENT ENVIRONMENTAL TO PREPARE THE COMPREHENSIVE HAZARD AND VULNERABILITY ASSESSMENTS AND ADAPTATION STRATEGIES FOR THE GENERAL PLAN SAFETY ELEMENT (RESILIENT SAN LUIS OBISPO)

CARRIED 5-0, to authorize the Community Development Director to enter into an agreement with Ascent Environmental in the amount of \$287,500 to prepare the comprehensive hazard and vulnerability assessments and adaptation strategies for the General Plan Safety Element update funded through the Caltrans Climate Change Adaptation Grant, “Resilient SLO.”

7. RECEIVE AND FILE THE 2020 AFFORDABLE HOUSING NEXUS STUDY

CARRIED 5-0, to receive and file the 2020 Affordable Housing Nexus Study, which completes a significant Housing Major City Goal task.

RECESS

Council recessed at 7:10 p.m. and reconvened at 7:22 p.m., with all Council Members present.

PUBLIC HEARING ITEMS AND BUSINESS ITEMS**8. INITIATION OF A PROJECT TO REZONE A PROPERTY FROM BP-SP TO C-S-SP TO ALLOW FOR A MIXED-USE DEVELOPMENT PROJECT CONSISTING OF 280 RESIDENTIAL UNITS AND 15,000 SQUARE FEET OF COMMERCIAL SPACE AND AUTHORIZATION OF A REQUEST FOR PROPOSALS FOR THE PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT**

Council Members Pease noted her Ex Parte Communication with Steve Pack, Applicant’s Representative regarding the project. Council Member Christianson, Council Member Stewart, Vice Mayor Gomez, and Mayor Harmon reported having no Ex Parte Communications.

Community Development Director Michael Codron and Associate Planner Kyle Bell provided an in-depth staff report and responded to Council questions.

Public Comments:

Stephen Peck

---End of Public Comment---

ACTION: MOTION BY COUNCIL MEMBER PEASE, SECOND BY COUNCIL MEMBER CHRISTIANSON, CARRIED 5-0 to:

1. Proceed the processing of the Project through the entitlement process; and
2. Authorize the issuance of a Request for Proposals (RFP) for the preparation of an Environmental Impact Report (EIR) for the Project and related entitlements; and
3. Authorize the City Manager to enter into a consultant services agreement with the consultant that best responds to the RFP in terms of qualifications, cost, and approach, that is funded (consultant and staff costs) solely by the Applicant.

With the added direction to include requested changes by the Applicant, staff to work toward a Development Agreement or other enforceable mechanism, with the applicant to accomplish the infrastructure scope, the locals preference and other areas as determined by staff and to include early feedback from the Active Transportation Committee and Planning Commission for the conceptual review and scoping.

9. APPROVAL OF THE UPDATED EMERGENCY OPERATIONS PLAN AS THE COMPREHENSIVE DISASTER LEADERSHIP PLAN

Fire Chief Keith Aggson and Management Analyst James Blattler provided an in-depth staff report and responded to Council questions.

Public Comments:

None

---End of Public Comment---

ACTION: MOTION BY COUNCIL MEMBER STEWART, SECOND BY COUNCIL MEMBER CHRISTIANSON, CARRIED 5-0 to approve the Comprehensive Disaster Leadership Plan (CDLP) as the updated 2011 Emergency Operations Plan (EOP).

10. 2020 LEGISLATIVE PLATFORM

City Attorney Christine Dietrick provided an in-depth staff report and responded to Council questions.

Public Comments:

None

---End of Public Comment---

ACTION: MOTION BY COUNCIL MEMBER CHRISTIANSON, SECOND BY VICE MAYOR GOMEZ, CARRIED 5-0 to:

1. Adopt Resolution No. 11112 (2020 Series) entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, establishing the City Legislative Action Platform for 2020 and appointing the council member and staff person to act as liaison between the City of San Luis Obispo and the League of California Cities;" and
2. Appoint the Mayor, City Attorney, and City Manager to act as the primary legislative liaisons between the League of California Cities and the City of San Luis Obispo.

With changes proposed during the meeting.

11. DISCUSS AND PROVIDE DIRECTION REGARDING PROCLAIMING THE CONTINUED EXISTENCE OF A LOCAL EMERGENCY REGARDING COVID-19 PANDEMIC

City Manager Derek Johnson provided an in-depth staff report and responded to Council questions.

Public Comments:

None

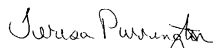
---End of Public Comment---

ACTION: MOTION BY COUNCIL MEMBER PEASE, SECOND BY COUNCIL MEMBER CHRISTIANSON, CARRIED 5-0 to adopt Resolution No. 11113 (2020 Series) entitled "A Resolution of the City Council of the City of San Luis Obispo, California, proclaiming the continuing existence of a local emergency regarding the COVID-19 Pandemic.

ADJOURNMENT

The meeting was adjourned at 9:10 p.m. The next Regular City Council Meeting is scheduled for Tuesday, May 5, 2020 at 6:00 p.m., via teleconference.

DocuSigned by:



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Teresa Purrington
City Clerk

APPROVED BY COUNCIL: 05/05/2020