



Department: Community Development
Cost Center: 4008
For Agenda of: 4/1/2025
Placement: Public Hearing
Estimated Time: 60 minutes

FROM: Timmi Tway, Community Development Director
Prepared By: John Rickenbach, Contract Planner

SUBJECT: REVIEW OF PROPOSED CIRCULATION MODIFICATIONS TO THE PREVIOUSLY APPROVED 600 TANK FARM ROAD PROJECT, AND ASSOCIATED ADDENDUM TO THE CERTIFIED FINAL ENVIRONMENTAL IMPACT REPORT

RECOMMENDATION

As recommended by the Planning Commission, adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, approving the proposed Circulation and Condition Modifications for the previously approved 600 Tank Farm Road Project and approve the associated Addendum to the Certified Final Environmental Impact Report as represented in the City Council Agenda Report and attachments dated April 1, 2025 (MOD-0753-2024)" to:

1. Approve a modification to conditions of approval related to revised offsite public circulation improvements for the previously approved 600 Tank Farm Road project; and
2. Approve an Addendum to the previously certified Final Environmental Impact Report (FEIR) for the 600 Tank Farm Road project, pursuant to the California Environmental Quality Act (CEQA).

REPORT-IN-BRIEF

The 600 Tank Farm Road mixed-use development project was approved by the City Council on [February 1, 2022](#). The approved project included 280 residential units and 12,500 square feet of commercial space on an 11.7-acre parcel near the intersection of Tank Farm and Santa Fe Roads.

The approved site plan is included as Attachment B of this report. As part of the approval, the project was required to construct several transportation improvements, including:

- Extending Santa Fe Road (West) north as a new collector street for primary access to the site.
- Widening Tank Farm Road to add width for two westbound lanes along the project frontage.

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- Adding curb/gutter, landscaped parkways, elevated one-way protected bike lanes, sidewalks, street trees, and lighting along the Tank Farm and Santa Fe (West) project frontages.
- Designing and constructing the north, east and west legs of a roundabout at the Tank Farm/Santa Fe (West) intersection.
- Creating a shared-use path through the site and along Acacia Creek to connect to Damon Garcia Sports Complex.
- Connecting to a pedestrian, bike, and emergency vehicle bridge to link the site with the 650 Tank Farm development (bridge to be built by 650 Tank Farm).
- Conducting preliminary design and environmental studies for a future shared-use path along Tank Farm Road between Santa Fe (West) and Innovation Way.

SITE DATA

Applicant	Covelop, Inc.	
Representative	Damien Mavis	
General Plan	Services & Manufacturing	
Zoning	Service Commercial (C-S) with Airport Area Specific Plan overlay (C-S-SP)	
Site Area	~11.7 acres; current action only affects offsite improvements	
Environmental Status	A Final EIR was certified when the 600 Tank Farm Road project was approved in 2022. An Addendum to that document has been prepared.	

Since the project was approved in 2022, the project applicant, Covelop, Inc., has worked on designing the required on-site and off-site improvements. However, they have been unable to acquire the necessary off-site land from Chevron/Union Oil to build the planned Tank Farm/Santa Fe roundabout. Chevron/Union Oil is conducting environmental testing for polyfluoroalkyl substances (PFAS) substances on the former Tank Farm property and is not ready to proceed with sale of the full right-of-way needed for the roundabout until that testing is complete and any resulting requirements from the Regional Water Quality Control Board are addressed, which could take several more years, or longer.

After years of coordination between the applicant, City Attorney's Office, and City Transportation staff, the City has confirmed that all reasonable efforts to acquire the land have been made. Since the roundabout is currently considered infeasible, the applicant has requested a modification to this aspect of the approved project, removing the roundabout from the 600 Tank Farm project description.

To address circulation at this location, the applicant has proposed a modified/interim access design concept for City review, detailed later in this report and in Attachment C and Attachment D. This circulation change would not affect the land use plan, buildout potential, or other required circulation improvements associated with project approval. The reimbursement agreement for 600 Tank Farm, previously approved in 2022 for the roundabout construction, would need to be updated if the roundabout is not constructed, which is reflected in updated conditions of approval #113, #114, #116, #117, #118, and #119. The applicant is still required to pay applicable Transportation Impact Fees (TIF) for future construction of the roundabout by others, as reflected in updated conditions of approval #113 and #116.

In addition to modifications to the Tank Farm Road transportation improvements, the developer is requesting modification to the conditions of approval related to undergrounding of utilities. There are eight (8) PG&E poles and overhead lines combined on the project site and along the project frontage which are required to be undergrounded with development. The developer is requesting to modify conditions of approval to allow one (1) PG&E pole at the southeast corner of the project site to remain overhead due to field conditions, lack of existing easements, and inability to obtain required new easements from neighboring property owners that prevent the undergrounding of the one PG&E pole without significant increases in undergrounding costs across several neighboring property frontages. Seven (7) poles and attached lines are proposed to be undergrounded including all poles and lines along the project frontage. In addition, the developer would construct a conduit crossing the creek to the east of the project site to facilitate future undergrounding of the pole and power line that is proposed to remain in place. The pole that would remain in place would not conflict with the proposed interim public improvements or future roundabout construction.

POLICY CONTEXT

The proposed project is within the Airport Area Specific Plan (AASP) and is therefore subject to the requirements of that plan. The 600 Tank Farm project as approved in 2022, was found to be in conformance with the General Plan, AASP, and applicable aspects of the Zoning Regulations, as well as applicable Engineering Standards. The currently proposed modification to offsite transportation features and undergrounding of utilities must also conform with applicable policies and standards.

A summary of the proposed project's consistency with the relevant policy framework is included in the Discussion section of this Agenda Report.

PREVIOUS ACTION

Original City Council Project Approval – February 1, 2022

The original [City Council February 1, 2022](#) project approval was based on previous review from various advisory bodies from July 2020 through November 2021, including the Active Transportation Committee (ATC), Tree Committee (TC), Architectural Review Commission (ARC), and Planning Commission. The project was also reviewed by the Airport Land Use Commission (ALUC) and found to be consistent with the San Luis

Obispo County Airport Land Use Plan. One of the required offsite improvements of the City Council approved project was a roundabout at the intersection of Tank Farm Road and Santa Fe Road (West).

Active Transportation Committee – January 16, 2025

On [January 16, 2025, the Active Transportation Committee \(ATC\)](#) reviewed the proposed modified/interim circulation improvements for consistency with the Active Transportation Plan (ATP). The ATC unanimously recommended approval of the proposed interim transportation improvements, subject to additional modifications which have since been incorporated into the proposal by the applicant as further detailed and analyzed in the Policy Consistency section of this report below.

Planning Commission – February 26, 2025

The Planning Commission reviewed the proposed modified/interim circulation and utilities improvements on [February 26, 2025](#), which incorporated the recommendations of the ATC. The Planning Commission unanimously recommended approval to the City Council with no further changes to the proposal. Resolution No. PC-1097-25 recommending City Council approval is included as Attachment I. The 2022 approval of the 600 Tank Farm project was authorized by the City Council, and therefore any modifications to the project description, including removal of the roundabout, must be reviewed by the City Council for final approval of an amendment to the entitlement.

DISCUSSION

At this time, the Applicant is proposing changes to the previously approved project. The changes relate to transportation improvements and the undergrounding of a utility pole. The project's density, number of units, site plan, and land uses are not proposed for any modifications and would be constructed as originally approved in 2022.

Proposed Transportation Changes to the Previously Approved Project

As currently proposed by the developer, the modified project would eliminate the previously planned roundabout at the intersection of Tank Farm Road and Santa Fe Road (West) as an obligation of the development, replacing this project component with a modified/interim access design concept that would provide access to the project site without the roundabout until it can be built in the future by the City or other private development when the required right-of-way is available. Key features of the interim transportation improvements include:

- Tank Farm Road/Santa Fe Road (West) Intersection: Unsignalized, with stop control on the Santa Fe Road (West) approach. Left turns exiting the main driveway at the 600 Tank Farm project would be restricted by a center median on Tank Farm, with only righthand turns onto Tank Farm westbound allowed at this location. Left hand turns from the new Santa Fe Road intersections (both north and southbound) would be allowed via new turn lanes onto Tank Farm Road west and eastbound (*Original Approval required construction of the roundabout*).

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- Minor Road Widening on Tank Farm Road: Widening to add an eastbound left-turn lane into Santa Fe Road (West) and buffered on-street bike lanes along Tank Farm Road.
- Frontage Improvements:
 - Santa Fe Road (West): Landscaped parkway, lighting, street trees, and an elevated (sidewalk-level) two-way shared-use pedestrian/bicycle path on the east side of street only. The shared-use path is to be constructed with permanent materials (concrete) and designed with flexibility to convert to a separate pedestrian sidewalk and one-way northbound protected bike lane in the future by others, which is the ultimate configuration recommended per the ATP. *(Original Approval required construction of separate sidewalk and northbound only protected bike lane on the east side of Santa Fe. Modified project provides two-way shared-use path to provide improved bicycle connectivity in the interim until neighboring properties develop and provide internal east-west route for cyclists. Shared-use path design to allow for future conversion to separate sidewalk and one-way bike lane consistent with ATP).*
 - Tank Farm Road: Landscaped parkway, lighting, street trees, and a two-way shared-use path between Santa Fe (West) and the Mindbody traffic signal. Shared-use path constructed in permanent materials (concrete) along 600 Tank Farm Road frontage, and with temporary (asphalt) east of frontage to the Mindbody signal. The shared-use path is to be designed with flexibility to convert to a separate sidewalk and one-way westbound protected bike lane in the future by others, consistent with the ATP. Tank Farm Road improvements also include widening of the existing culvert at Acacia Creek. *(Original Approval required construction of separate sidewalk and west only protected bike lane on the north side of Tank Farm. Modified project provides two-way shared-use path from Santa Fe to Mindbody signal to provide improved bicycle connectivity in interim until neighboring properties develop and provide internal east-west route for cyclists parallel to Tank Farm. Shared-use path design to allow for future conversion to separate sidewalk and one-way bike lane consistent with ATP).*
- Temporary Sidewalk: Asphalt sidewalk on street-level along the north side of Tank Farm Road from the Mindbody signal to Broad Street with a protective curb separating pedestrians from vehicle traffic. This provides pedestrian connectivity between the development and Tank Farm Road/Broad Street intersection until permanent sidewalks are constructed by neighboring properties in the future. *(No change from Original Approval).*
- Traffic Safety Features: Landscaped center median along Tank Farm Road frontage to prevent illegal left turns, acceleration lanes to improve left-turn access to Tank Farm Road from southbound Santa Fe (West) and northbound Santa Fe (East), radar speed feedback signs, striping and warning signage to encourage safer speeds. *(Original Approval required construction of roundabout with center median, which provided benefits to traffic calming and access restrictions along project frontage. Modified project features intend to accomplish similar benefits with roundabout now infeasible).*

- Signal Modifications: Updates to the Tank Farm Road/Mindbody intersection to add pedestrian and bicycle signals phases and bicycle left turn box to improve Tank Farm Road crossings. (Original Approval required addition of pedestrian signals only. Modified project also improves bicycle crossings at this intersection).

The improvements on Tank Farm Road east of the project site (in the direction of the Tank Farm Road/Mindbody intersection and Broad Street) would occur on two adjacent properties with approved projects: the 650 Tank Farm Road Mixed-Use Project (Mitigated Negative Declaration SCH #2018111054) and the 660 Tank Farm Northwest Corner Broad and Tank Farm Mixed-Use Commercial/Assisted Living Project¹ (Mitigated Negative Declaration SCH #2019049030). The modified project transportation improvements are substantially consistent with the existing entitlements on these properties in the context of their footprints and area of potential disturbance, as further discussed in the Addendum to the Final EIR (Attachment G.)

The interim transportation improvement design concept proposed by the applicant is shown in Figure 1 below and included as Attachment C of this report, and the applicant's narrative of the proposed transportation modifications is included as Attachment D.

A complete list of conditions that would be modified as a result of this action, including specific changes to the text of those conditions, is included as part of the Resolution (Attachment A).

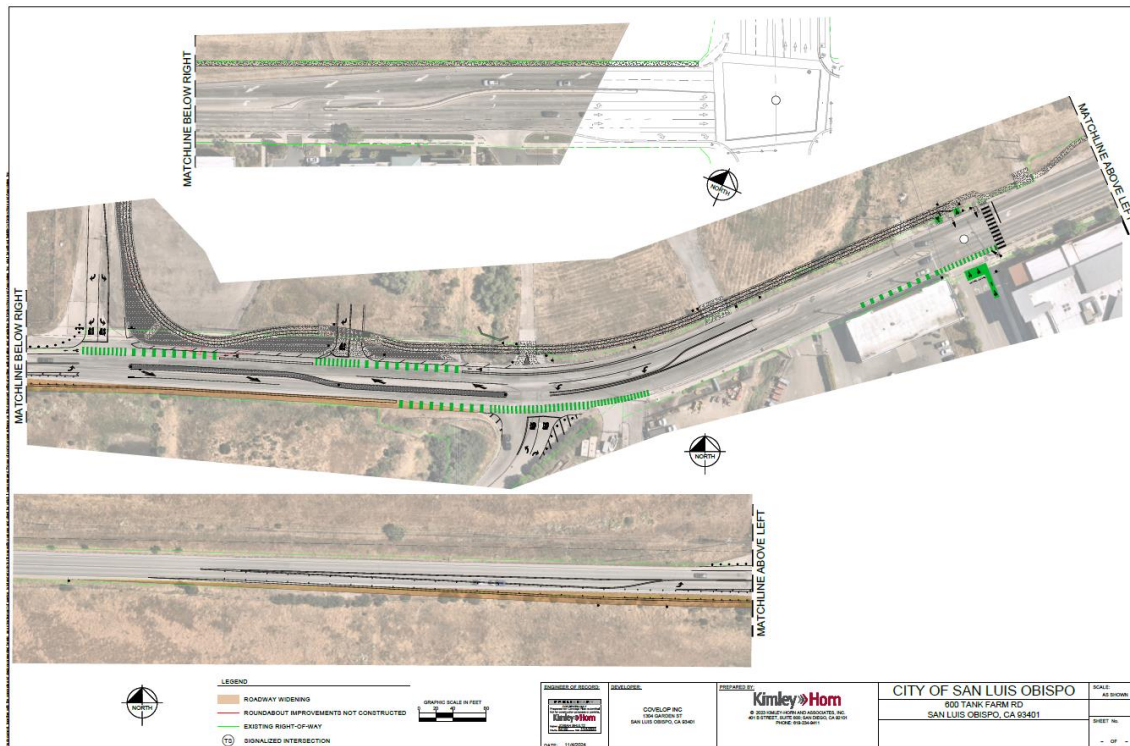


Figure 1: Proposed Interim Transportation Improvements Design Concept: Tank Farm Road

¹ The previously approved adjacent projects at 650 and 660 Tank Farm Road are currently on hold, and may move forward at a future date at the discretion of the property owners/applicants of those projects. Construction timing is currently unknown.

Proposed Utility Changes to the Previously Approved Project

In addition to the proposed interim transportation improvements, the applicant is proposing a modification to conditions of approval regarding undergrounding of overhead utility lines. There are eight (8) PG&E poles and overhead lines combined on the project site and along the project frontage which are required to be undergrounded with development. The last pole at the southeast corner of the property supports utility connections that traverse across Tank Farm Road to a property on the south side of the street. In order to underground this pole, the applicant would need to obtain easements from other property owners, and underground the portion of the utilities that traverse the road. The developer is requesting to modify conditions of approval to allow one (1) PG&E pole at the southeast corner of the project site to remain overhead. The applicant's written request regarding undergrounding is included as Attachment E of this report.



Figure 2: Proposed Utility Undergrounding Revisions Design Concept: Tank Farm Road

Coordination with PG&E over the past year has provided cost estimates for undergrounding. Due to site conditions, lack of existing easements, and the inability to obtain new easements on a property across Tank Farm Road for electrical facilities needed to underground the pole at the southeast corner of the project site, the additional offsite undergrounding that would be required to comply with the current requirements would exceed \$1.3 million in addition to the costs for undergrounding on the project site and along the project frontage. As described in Attachment E (Applicant's Utility Proposal), the applicant is requesting the project's conditions of approval be modified to allow the pole at the southeast corner to be left in place or moved slightly as required to underground the rest of the project frontage to allow for undergrounding by a neighboring property at a later date due to the inability to obtain an easement from other property owners on the south side of Tank Farm Road. In addition, the developer proposes to construct a conduit crossing the creek to the east of the project site to facilitate future undergrounding of the pole and power line that is proposed to remain in place. The pole that would remain in place would not conflict with the proposed interim public improvements or future roundabout construction.

Policy Consistency

The 600 Tank Farm project as approved in 2022 was found to be in conformance with the General Plan, AASP, and applicable aspects of the Zoning Regulations, as well as applicable Engineering Standards. The currently proposed modification to offsite transportation features and undergrounding of utilities must also conform with applicable policies and standards.

Based on City staff's analysis of the relevant policies as included in the Planning Commission Agenda Report of February 26, 2025, the Planning Commission found that the proposed project modifications were consistent with the City's relevant regulatory framework.

No other aspect of the approved project's development potential or any related onsite improvements are proposed to change as a result of this action and remain in conformance with applicable provisions of the City's regulatory framework.

The following analysis was included in the Planning Commission Agenda Report, which provided the basis for the Planning Commission's finding that the project is consistent with the City's applicable policies:

Consistency with the General Plan

Land Use Element (LUE): The approved project has components that support circulation-oriented policies in the LUE. 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 proposed circulation modification is consistent with that policy, as it still provides multi-modal access between the project site and nearby non-residential destinations.

Circulation Element (CE): The CE describes how transportation will be provided in the community. The project includes features that support multi-modal transportation, consistent with the following policies. CE Policy 4.1.1 (Bicycle Use) states that the City shall expand the bicycle network and provide end of trip facilities to encourage bicycle use and to make bicycling safe, convenient and enjoyable. CE Policy 5.1.2 (Sidewalks and Paths) states that the City should complete a continuous pedestrian network connecting residential areas with major activity centers as well as trails leading into city and county open spaces.

Project Features that Support General Plan Policies

Project components that support Circulation-related policies include improvements to transit, bicyclist facilities, and pedestrian facilities. Bicycle facilities in the study area consist of Class II bike lanes, which provide a striped lane for one-way on-street bicycle travel. Broad Street and Tank Farm Road both have Class II bike lanes on both sides of the road throughout the study segments. The modified project would still provide improvements to pedestrian circulation facilities along Tank Farm Road and Santa Fe Road. The proposed project would provide for

improved pedestrian facilities and connectivity by connecting and improving existing sidewalks, crosswalks, and pedestrian signals at signalized intersections. The reconfigured intersection of Tank Farm Road and Santa Fe Road without a roundabout would still provide multi-modal access to nearby offsite non-residential destinations, traffic operations consistent with the City's adopted performance thresholds, and remain consistent with Circulation Element policies.

Table 5 of the Circulation Element provides direction for the design of improvements to Tank Farm Road, as follows:

“Widen Tank Farm Road as a Parkway Arterial with 2 lanes in each direction, a center turn lane/landscaped median, Class II bike lanes, sidewalks and Class I bike lanes (where feasible) from Higuera to Broad. (see AASP)”

Based on this, the project remains consistent with the General Plan, since it does not specify whether or not a roundabout is required at the intersection of Tank Farm and Santa Fe Road. However, the table also refers to the AASP, which provides more direction on the nature of this improvement. As discussed in the following section on the AASP, that document *does* specify a roundabout at the intersection of Tank Farm and Santa Fe Road. The project's consistency with that document is discussed in the following section of this report.

In relation to undergrounding of utilities, the General Plan does not include specific requirements for undergrounding. General Plan Policy 8.1.2 refers to specific plans, which include development standards that would apply to the Airport Area, as discussed in detail in the following section of this report.

Consistency with the Airport Area Specific Plan

The project area is within the Airport Area Specific Plan (AASP) boundaries, and thus subject to its goals and policies. The AASP effectively establishes a link between implementing policies of the General Plan and the individual development proposals within the AASP boundaries.

Circulation Modifications

Chapter 6 of the AASP includes goals and policies related to circulation. The AASP defines the roadway classifications for roads traversing the area. Tank Farm Road is defined as a “Parkway Arterial”, while Santa Fe Road is a “Commercial Collector.” As part of the 2022 project approval, required improvements to those roadways were consistent with those classifications.

Figure 6-1 of the AASP shows a roundabout at the intersection of Tank Farm Road and Santa Fe Road. The approved project included a roundabout and was consistent with this aspect of the AASP. The proposed modification to this intersection does not include the roundabout. However, the project applicant is constrained by the inability to acquire the land needed for the roundabout for reasons beyond the applicant's control.

Section 6.2.1 of the AASP acknowledges the potential trade offs in designing the street system within the plan area, and states the following:

“A unique challenge is to design the AASP arterial and collector street system to meet the access, mobility, safety and vehicle classification needs of the area without over-designing the facilities.”

This statement shows that the overall circulation goal of the AASP is to ensure access, mobility, and safety in the design of the arterial and collector streets, while the plan is open to different design approaches to meeting these goals based on the needs and demands of current projects and traffic volumes.

Based on the City Engineer’s review of the updated circulation concept, the modified design would meet the goals of the AASP. Although the project will construct a more standard intersection configuration than the previously planned roundabout, the applicant is also required to prepare designs, dedicate on-site right-of-way, and pay fair share fees towards the future roundabout to be constructed by others, as required by conditions of approval #113 through #117. The modified conditions of approval include the following considerations to facilitate future construction of the roundabout at a later date:

- In addition to payment of TIF fees, the applicant is required to pay additional fair share fee for the portion of the Tank Farm/Santa Fe Roundabout costs that exceed the amount currently programed in the Citywide TIF program under which the project will remained vested. Through the preliminary designs developed over the past several years, the roundabout has been identified to cost significantly more than the current TIF identifies. If the applicant receives approval to defer construction of the roundabout to others, the project is still required to pay their fair share percentage of that delta, as noted in condition #113². For reference, the fees in the current TIF program (last updated in 2019), are based on an assumed project cost of \$3.5 million for the roundabout, with 70% of the costs collected in the TIF, leaving the remainder to be funded by City General Fund or other sources, such as grants. The updated project cost is estimated to exceed \$7 million.
- Updated condition #113 requires the applicant to pay a deposit for the costs needed to remove/reconstruct portions of their interim frontage improvements when the future roundabout is constructed. The proposed condition requires the applicant to provide an engineer’s estimate for this cost and escalate the amount out 10 years into the future using California Construction Cost index. The intent is that these funds would be used in the future by whomever is constructing the roundabout, so that the City (or other developer) is not paying any direct costs for reconstruction of 600 Tank Farm’s interim frontage improvements.

² For example, if the current TIF program hypothetically collects \$1 per residential unit towards the Tank Farm/Santa Fe Roundabout project based on a previously assumed roundabout cost of \$3.5 million, and the roundabout is now expected to cost \$7 million (twice the original cost), the 600 Tank Farm development would pay an additional \$1 in TIF fees per unit to ensure their full fair share towards future construction of the roundabout is collected.

The proposed project modification may be considered consistent with the intent of the circulation aspects of the AASP because the interim improvements will provide the transportation improvements required to serve the 600 Tank Farm project and will also provide right-of-way, design work, and fair share funding to facilitate the Tank Farm roundabout build out in the future once land acquisitions are available.

Utility Undergrounding

Utility undergrounding requirements are also identified in the AASP. Section 7.7 states “All new development shall be responsible for undergrounding of existing overhead utility lines along that development’s frontage or constructing underground utility lines along new roadways concurrent with the construction of new roadways.” In addition to the AASP requirement, utility undergrounding is required citywide by City Council Resolution No. 3752, which requires developers to underground all existing utilities for projects that require road widening. The project conditions of approval #75 and #76 were included with the original 600 Tank Farm approval to reflect these requirements.

AASP section 7.8 acknowledges that interim utility solutions may be needed if the permanent systems cannot be made available at the time of development. Council Resolution No. 3752 also includes a provision that allows the Council to modify the undergrounding requirements if it can be shown that there is a definite technical or engineering issue that makes undergrounding infeasible.

For 600 Tank Farm, the southeasterly pole along the project frontage is interconnected to other power poles located offsite from the 600 Tank Farm project frontage. There is a high cost associated with undergrounding the pole at the southeastern corner of the project site as it would require continuing the undergrounding beyond the southeast corner of the project site along several adjacent property frontages. The neighboring property owners have not been willing to grant PG&E new needed easements to facilitate undergrounding beyond the 600 Tank Farm frontage. Therefore, the applicant’s proposal to underground 7 of the 8 poles on the property and install conduit crossing the creek east of the project site to facilitate future undergrounding of the one remaining pole can be considered an interim improvement, consistent with the long-term plan for undergrounding to be completed at a later date by other adjacent property owners. The applicant’s current proposal for modification to undergrounding requirements may be considered consistent with the AASP and Council Resolution No. 3752. Condition #76 has been modified in the attached resolution to reflect the applicant’s request for one pole (and powerlines to the east of that pole) to remain and require the installation of the conduit to the east across Acacia Creek to facilitate future undergrounding of the lines/pole.

Consistency with the Active Transportation Plan

The project was reviewed by the Active Transportation Committee (ATC) on January 16, 2025. In that meeting, the ATC provided recommendations to address key design issues related to the revised circulation concept, in order to ensure consistency with both the Circulation Element and the Active Transportation Plan (ATP). These included the following:

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1. Support the proposed two-way shared-use path on Tank Farm as an interim design, with a recommendation to design this so it could be converted to a separate one-way protected bike lane and sidewalk (per the original project design and ultimate plans per the ATP) in the future, if needed; and
2. Recommend designing the portion of the Santa Fe (west) bikeway similar to Tank Farm. This would be a two-way shared-use path instead of separate sidewalk and one-way protected bike lane, designed so that it could be converted back to a separate sidewalk and bike lane in the future consistent with the ATP, if desired; and
3. Direction to staff to monitor use of the Broad/Tank Farm intersection once the project is occupied to see if right-turn on red restrictions or other features are warranted if there are conflicts with new eastbound cyclists at this intersection.

The ATC recommendations (1 and 2 above) have been incorporated into the updated improvement design by the applicant, as shown in Figure 1 above and in Attachment C. City staff will monitor the Broad/Tank Farm intersection after project construction, as recommended by ATC (3 above) and signage will be installed if warranted.

In addition to deferring the Tank Farm/Santa Fe Roundabout, there are a few other components of the modified/interim access design that differ from the long-term bicycle and pedestrian facilities proposed on Tank Farm Road per the City's currently adopted Active Transportation Plan (ATP). Table 1, included as Attachment H of this report, summarizes the consistency of the modified project to relevant city transportation plans/policies and compares that to the originally approved project. Visual representations of the bicycle and pedestrian circulation from both the approved 2022 designs and the proposed 2025 design are also included in Attachment H, as discussed in the [January 16, 2025 ATC agenda report](#).

The most noteworthy difference of the modified project is the elimination of the Tank Farm/Santa Fe (West) roundabout as a project requirement, which has been deemed infeasible at this time. Without the roundabout, it will be less convenient for autos, bikes, and pedestrians to cross Tank Farm Road directly at this intersection. The Transportation Impact Study prepared for the modified/interim project design (Attachment F) indicates that Tank Farm/Santa Fe (West) intersection will operate within the City's adopted delay/congestion targets for autos until future planned modifications to Santa Fe are constructed—if Santa Fe (West) is extended north to Prado Road or Santa Fe (East) is realigned to the Santa Fe (West) as a single intersection, as planned per the Circulation Element and AASP, installation of a roundabout or a traffic signal will be required. It should also be noted that the modified project improves operations at the existing Tank Farm/Santa Fe (East) intersection compared to current conditions through the addition of a left-turn acceleration lane, which allows drivers to make the northbound left-turn onto Tank Farm Road in two stages, which reduces delays and congestion. For example, with addition of the 600 Tank Farm development project traffic and installation of the left-turn acceleration lane at this intersection, the existing PM peak hour level of service (LOS) is projected to improve from LOS F to LOS D, with a reduction in average delay for the worst-case movement (northbound left-turn from Santa Fe to Tank Farm) from 55 seconds/vehicle on average to 30 seconds per vehicle on average.

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Per the modified project proposal, pedestrians and bicyclists are encouraged to cross Tank Farm Road at the nearby Mindbody signal. Under the modified project, the applicant would construct improvements to this signal to better facilitate bike/pedestrian crossings and construct a two-way shared-use path along the north side of Tank Farm between Santa Fe and Mindbody to improve access to this crossing for eastbound cyclists. As noted in Table 1 (Attachment H), this differs from the ATP, which calls for a westbound one-way protected bike lane for this segment. The project applicant explored the possibility of extending this two-way shared-use path all the way east to Broad Street; however, the existing right-of-way east of Mindbody is not wide enough and the current property owner(s) are not interested in negotiating additional right-of-way at this time. For this reason, the project proposes a narrow temporary sidewalk only on the north side between Mindbody and Broad Street for pedestrians, while eastbound cyclists would need to cross the street at the Mindbody signal to continue easterly.

While the proposal to provide a two-way shared-use path on the north side of Tank Farm along the project frontage is a logical interim design, it is not consistent with the ATP, which calls for one-way protected bike lanes and separate sidewalks on each side of Tank Farm Road east of Santa Fe. However, the interim design does not preclude converting the two-way path to separate one-way westbound bike lane and sidewalk at a future date to ensure ATP consistency when other adjacent developments move forward. As identified in modified condition of approval #126, the applicant shall demonstrate a good faith effort to acquire the off-site right-of-way needed to extend this shared-use pedestrian/bicycle path all the way east to the Tank Farm/Broad Street intersection, and if right-of-way cannot be obtained, the interim pedestrian sidewalk shall be constructed by the applicant within the available right-of-way.

At the January 2025 meeting, the ATC approved a motion supporting the design as two-way shared-use ped/bike paths (Class I bikeway per Caltrans naming convention), but did not want to formally amend the ATP. The direction was to provide two-way shared-use paths for added connectivity in the interim, but to design in a way that could reasonably be converted to separate sidewalk and one-way protected bike lanes (Class IV bikeway per Caltrans naming) as called for in the ATP at a future date. For example, the previously-approved developments at neighboring 650 Tank Farm and 660 Tank Farm include plans for internal bicycle and pedestrian connectivity to Broad Street parallel to Tank Farm Road; however, it is currently uncertain when these properties will develop. The modified project design provides efficient two-way, east-west connectivity in the interim until this off-street parallel route is available. If the neighboring properties at 650 and 660 Tank Farm develop in the future, there would be potential to then modify striping/signage on the Tank Farm and Santa Fe shared-use paths to designate separate sidewalk and one-way bike lanes, consistent with the ATP. The interim design proposed by the applicant and recommended by ATC does not preclude the ultimate plans per the ATP (which calls for one-way Class IV bikeways and separate sidewalks).

Consistency with the Zoning Regulations

The proposed circulation modifications and revised utility undergrounding do not affect any aspect of the approved development related to zoning, including mixed-use provisions, building design, square footage, the number of units, or other development standards addressed in the zoning regulations. Therefore, the project as modified remains consistent with the zoning regulations, as described in the February 2022 City Council agenda report in support of the project's original approval.

Consistency with the Subdivision Regulations

The proposed circulation modifications and revised utility undergrounding do not affect any aspect of the approved development related to the approved common interest phased subdivision. Therefore, the project as modified remains consistent with the subdivision regulations, as described in the February 2022 City Council agenda report in support of the project's original approval.

Public Engagement

As noted under "Previous Action", the City Council originally approved the project in February 2022, which was based on an extensive record of public input. That approval was based on the Planning Commission's recommendation of approval in November 2021, which in turn was based on input from the Tree Committee and Architectural Review Commission, which considered the project in September 2021 and October 2021, respectively. Each of those hearings provided an opportunity for public engagement.

With respect to the currently proposed project modifications, the public had the opportunity to provide input when the Active Transportation Committee (ATC) considered the project on January 16, 2025, and then subsequently at the Planning Commission on February 26, 2025. As noted previously, based on all previous input, the Planning Commission recommended approval of the proposed project modifications at that February 2025 public hearing. Legal noticing requirements, including neighboring property owner/occupant mailings and legal ads in the newspaper, were completed by the City for both the February Planning Commission hearing and the April City Council hearing for the proposed project entitlement modification.

Required Entitlements to Implement the Modified Project

The entitlements enabling the 600 Tank Farm Road project were originally approved by the City Council on February 1, 2022. No additional entitlements are required to implement the proposed project modifications, other than the City Council Resolution (Attachment A) authorizing changes to the various relevant project conditions.

CONCURRENCE

The City's review of the project involved all City departments in the development review process, including Transportation, Planning, Engineering, Building, Utilities, Fire, and City Attorney's Office. The modified conditions of approval included in the Resolution were developed based on input from the City's departments, and the Planning Commission recommended approval of these modified conditions.

ENVIRONMENTAL REVIEW

A Draft Environmental Impact Report (EIR) was prepared for the originally approved project under the California Environmental Quality Act (CEQA), and circulated for a 50-day public review period that began on June 15, 2021 and ended on August 3, 2021. In addition, a public meeting was held on Wednesday July 14, 2021 at a Planning Commission meeting to receive public comments on the Draft EIR. The Final EIR, which addressed public comments received during the public review period, was certified at the time the project was approved in February 2022. The [Final EIR](#), including responses to comments on the Draft EIR, maybe be found on the City website in its entirety.

An Addendum to the Final EIR has been prepared to address changes to the approved project, and is included as Attachment G. Pursuant to Section 15164(b) of the CEQA Guidelines, an addendum to an adopted Final EIR may be prepared by the Lead Agency that prepared the original Final EIR if only minor technical changes or additions are necessary or none of the conditions described in Section 15162 have occurred that require preparation of a subsequent EIR. Conditions that would require a subsequent EIR (as listed in Section 15162) include substantial changes which increase the severity of previously identified significant effects, would require major revisions of the previous EIR due to the involvement of new significant environmental effects, or new information of substantial importance that would have significant effects not discussed in the previous EIR. Findings for consideration of the EIR Addendum are included in the attached Draft Council Resolution. The decision-making body must consider the Addendum with the Final EIR prior to making a decision on the project (Section 15164[d]).

An Addendum is appropriate to address the proposed modified project because the proposed changes to the approved project do not meet the conditions of Section 15162(a) for preparation of a subsequent EIR, as further discussed in Attachment G.

FISCAL IMPACT

Budgeted: No

Budget Year: 2024-25

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	\$	\$	\$	\$

Item 8b

There is no direct fiscal impact related to approving the modifications to the proposed project that would increase the City's funding obligations to improvements related to this project at this time. Eliminating the developer's previous obligation to construct the Tank Farm/Santa Fe Roundabout will in turn eliminate the need for the City to prioritize approximately \$5 million in future TIF revenues and over \$2 million in General Funds towards reimbursement to the developer for construction of the roundabout in the short-term, as previously required per the approved reimbursement agreement for the 600 Tank Farm development.

The City Council may choose to reserve these funds towards future construction of the roundabout by the City or other developers, or prioritize these funds towards other high-priority infrastructure projects through future Financial Planning efforts. The trade-off with approving deferral of the roundabout, is there is a higher likelihood that the City may be required to lead construction of the roundabout, drawing staffing resources away from other capital project priorities. However, there may be opportunities to pursue grant funding to support construction of the roundabout as a City-led project, which would not be available if the project is constructed by private development.

As outlined in the reimbursement agreement between the City and the 600 Tank Farm developer (originally approved on February 1, 2022, and amended on May 22, 2024), with the original project approvals, the City would be obligated to reimburse the applicant with roughly \$5.7 million in TIF fees and up to \$3.85 million in General Funds for public improvement costs that exceed the developer's fair share. As noted above, by eliminating the developer's obligation to construct the Tank Farm/Santa Fe Roundabout, approximately \$5 million in TIF funds and \$2 million in City General Funds would no longer need to be reserved and obligated to reimburse the developer. If the City Council approves the proposed project modification, staff would return at a future date in the near future to formally amend the reimbursement agreement to de-obligate these City funding commitments.

Other than the Tank Farm/Santa Fe Roundabout, the developer would be required to implement the other public improvements required with the previous project approval. In some cases, the applicant is eligible for City reimbursement for portions of public improvements that are beyond what would otherwise be required to offset the impacts of the proposed project—specifically, the developer would still be eligible for reimbursement for costs related to design of the Tank Farm/Santa Fe Roundabout, design work and technical studies for a future Tank Farm Road shared-use path, design and construction for portions of the Santa Fe Road (North) Extension and the on-site Acacia Creek Shared-Use Path. No previously unanticipated fiscal impacts would occur because of this action.

ALTERNATIVES

1. **Approve the project with modified conditions of approval, findings, or requested modifications to the project.** When considering the draft resolution of approval, the City Council may modify any conditions of approval or findings included in the attached draft resolution or may approved the project with requested modifications.
2. **Continue project.** An action to continue the item should include a detailed list of additional information or analysis required prior to the item returning for further Council discussion.
3. **Deny the requested project modification.** The previously approved 2022 project entitlement and associated conditions of approval would remain in place.

ATTACHMENTS

- A - Draft Resolution Approving the Modification and EIR Addendum
- B - Previously Approved Site Plan and Roundabout (February 2022)
- C - Proposed Project Modification: Tank Farm Road Transportation Improvements
- D - Applicant Narrative: Proposed Project Modification
- E - Applicant Proposal for Utilities Undergrounding Modification
- F - Transportation Impact Study (Access Evaluation for Proposed Design)
- G - Addendum to the 600 Tank Farm Final EIR
- H - Policy Consistency of Proposed Active Transportation Facilities
- I - PC Resolution Recommending Approval of 600 Tank Farm Modifications