



Council Agenda Report

Item 6c

Department: Community Development
Cost Center: 4003
For Agenda of: 4/16/2024
Placement: Consent
Estimated Time: N/A

FROM: Timmi Tway, Community Development Director

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SUBJECT: 2024 ANNUAL MONITORING FOR THE SAN LUIS RANCH DEVELOPMENT AGREEMENT, MITIGATION MEASURES, AND PROJECT CONDITIONS

RECOMMENDATION

Receive and file the 2024 annual monitoring report for the San Luis Ranch Development Agreement, mitigation measures, and required project conditions.

REPORT-IN-BRIEF

On July 18, 2017, the City Council approved the San Luis Ranch project, including the San Luis Ranch Specific Plan and Vesting Tentative Tract Map (VTTM) 3096, which covers the entire plan area. On July 17, 2018, the Mitigation Monitoring and Reporting Program (MMRP) was amended to address minor changes to the phasing of certain transportation improvements. A Development Agreement (DA) for the project between the City and MI San Luis Ranch, LLC, [was approved by City Council on August 21, 2018](#). On April 16, 2019, the City Council adopted a Mello-Roos Community Facilities District (CFD), pursuant to the DA (Ordinance No. 1661).

Both the DA and MMRP require annual monitoring and reporting of activities per Articles 10 and 11 of the DA in order to determine whether the project is in compliance with all relevant aspects of the DA itself, as well as the Final Environmental Impact Report (FEIR) mitigation measures. The DA includes a variety of provisions related to the timing of development, construction of public infrastructure, payment of fees, and in certain instances reimbursement beyond the project's fair share for public improvements that have citywide benefits. The CFD annual tax report is typically prepared at the end of each fiscal year to coincide with the Citywide annual budget and is therefore not included in this report. The CFD annual tax report was last completed and presented to Council on August 15, 2023.

This report addresses activities that have taken place during 2023 through the end of February 2024, and whether those activities are in substantial compliance with the DA, applicable project conditions, and FEIR mitigation measures. Generally speaking, the

bulk of public improvements were completed prior to 2023, both onsite and offsite, which prior to their installation were reviewed and approved by the City's Public Works, Engineering, and/or Utilities departments as appropriate. Some minor follow-ups on these items were completed in 2023.

Substantial housing development has occurred in San Luis Ranch, the design of which was reviewed and approved by the Planning Commission prior to 2022. In all, 577 units were approved through the development review process prior to 2022, and many of these have either been completed or are currently under construction. 206 single-family and 202 multi-family units have been completed since project inception. Of these, 65 single-family and 96 multi-family units were completed in the past year through February 2024. An additional 46 single-family and 94 multi-family units are currently under construction. When these are completed, only 29 units will remain to be built to reach the 577 total units approved to date. The developer estimates that the multi-family portion of the project will be complete by summer 2024, and the single-family residential units will be complete by the end of 2024. Construction on the 64 to 77 affordable housing units on the Lot 7 mixed use site has not yet begun.

As outlined in the report below, the project is in compliance with most applicable provisions of the DA, as well as most relevant FEIR mitigation measures and project conditions. However, further action is needed to bring the project into compliance with several required mitigation measures, Development Agreement provisions, and/or project conditions. City staff will continue to work with the Developer to ensure compliance moving forward. Continued non-compliance or lack of action toward compliance may result in actions being taken by the City to encourage compliance of these required conditions and mitigation measures. Due to the ongoing nature of the project, certain aspects are subject to continual monitoring as development occurs. Given that the main residential project components are nearing completion, this report is intended to provide a final punch list of remaining DA provisions, mitigation measures, and conditions that need to be addressed for compliance upon project completion.

POLICY CONTEXT

The approved San Luis Ranch project was found to be consistent with the General Plan at the time of its approval. This report focuses on determining whether the multi-phase project is in compliance with key provisions related to its approval, notably a Development Agreement, required mitigation measures, and project conditions of approval. Compliance with these provisions is discussed in the body of this report. Both the DA and MMRP require annual monitoring and reporting of activities per Articles 10 and 11 of the DA in order to determine whether the project is in compliance with all relevant aspects of the DA itself, as well as the Final Environmental Impact Report (FEIR) mitigation measures. This annual report is prepared for compliance with those monitoring and reporting requirements. A Community Facilities District for San Luis Ranch has been established to provide funding for infrastructure. The CFD annual report is prepared at the end of each fiscal year to coincide with the Citywide annual budget and is therefore not included in this report.

DISCUSSION

Background

On July 18, 2017, the City Council approved the San Luis Ranch project and certified the Final EIR and MMRP. On August 21, 2018, the City Council approved the Development Agreement between the City and MI San Luis Ranch, LLC. In addition, the MMRP was amended at that time to address minor changes to the phasing of certain required transportation improvements. Both the DA and MMRP require annual monitoring and reporting of activities per Articles 10 and 11 of the DA.

The following discusses what aspects of the project were in progress or completed in 2023 through February 2024, and thus the focus of this report. It also provides additional context, with a brief encapsulation of the activities that occurred before 2023, and highlights activities that are anticipated in 2024 and beyond. The San Luis Ranch project site is shown on **Figure 1**.

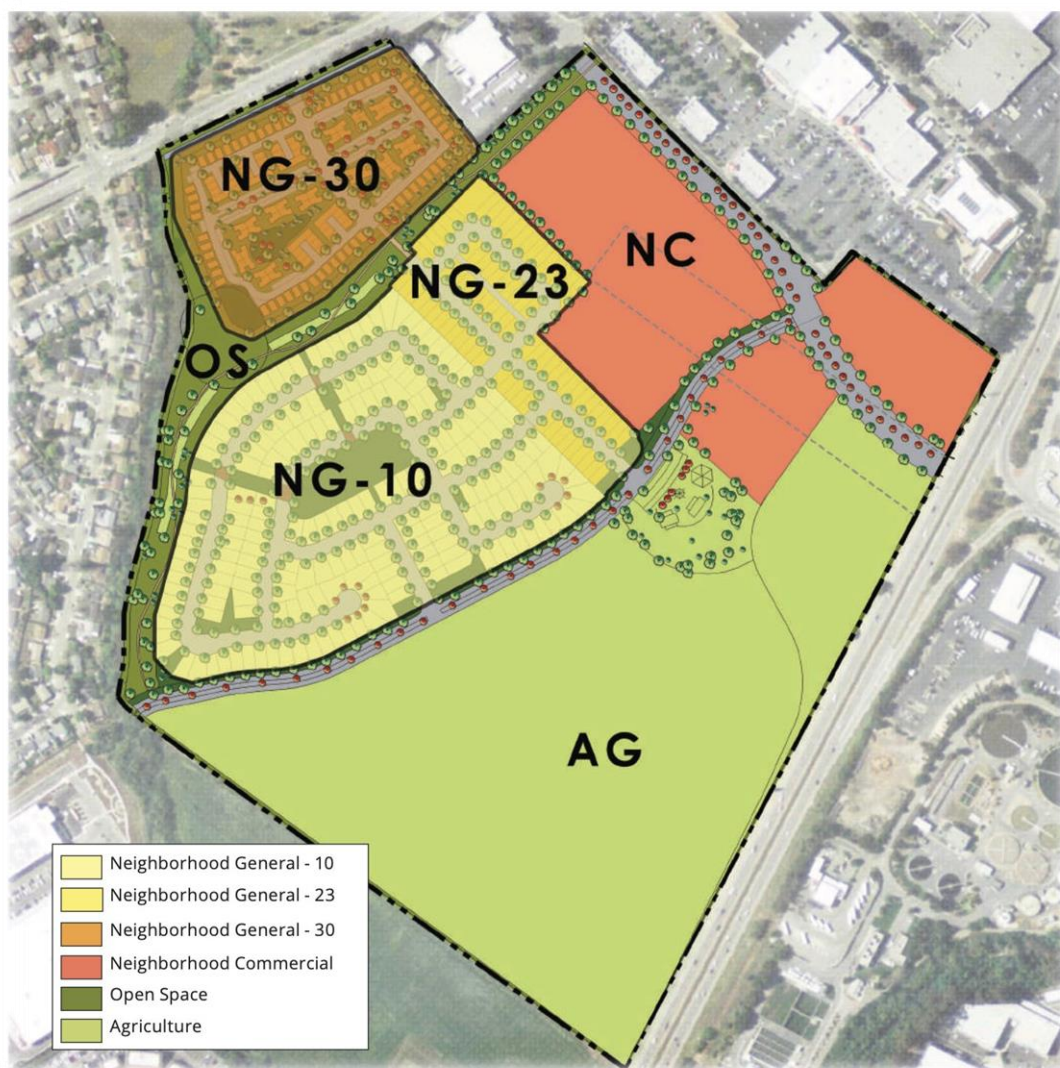


Figure 1. San Luis Ranch Project Area Map

Project Activities Prior to 2023

The following project-related activities occurred prior to 2023:

- A. Specific Plan, VTTM 3096, and Final EIR Approval. The SLRSP was adopted by the City Council in July 2017. VTTM 3096, which covers the entire Specific Plan area, was adopted at the same time as the SLRSP. A Final Environmental Impact Report (“FEIR”) was prepared analyzing the environmental effects of the proposed development, and the City Council certified the FEIR for the project, including adopting CEQA findings and a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Plan.
- B. Specific Plan Amendment and Final Supplemental EIR. On July 17, 2018, the City Council approved a Specific Plan Amendment for the project and adopted a resolution certifying Final Supplemental Environmental Impact Report (“FSEIR”) for the revised project, which was prepared analyzing the environmental effects of a revised development project with modified phasing, and the City Council adopted CEQA Findings and a Statement of Overriding Considerations and an updated Mitigation Monitoring and Reporting Plan.
- C. Development Agreement Approval. The [Development Agreement](#) for the San Luis Ranch project was introduced on July 17, 2018, adopted by the City Council on August 21, 2018, and recorded on September 18, 2018. The DA has not been formally amended since its adoption. However, pursuant to Section 9.03 and 9.04 of the DA, two operating memoranda and two Administrative Amendments were executed by the City Manager and Community Development Director prior to 2023 that clarified certain aspects of implementing the project. These documents are provided as Attachments F, G, I, and J to this report. Consistent with Articles 10 and 11 of the DA, a report documenting compliance with the DA must occur on an annual basis.
- D. CFD Formation. Pursuant to Section 5.02 of the Development Agreement, a Mello-Roos Community Facilities District (CFD) was established and approved by the City Council in February 2019 and formally adopted on April 16, 2019 (Ordinance No. 1661). The CFD also requires an annual report, but this is typically prepared at the end of each fiscal year to coincide with the Citywide budget and is therefore not included in this report.
- E. NG-10 (Single Family Residential). The Specific Plan includes up to 198 traditional single-family 40-foot wide, 3,200 square foot lots. Grading was completed for this 21.5-acre portion of the SLRSP in 2021. Key roadway infrastructure, including the extension of Froom Ranch Way, was completed. In 2022, all internal roadways and backbone utilities were completed, and 71 residential units were completed and occupied, plus construction of the model homes. An additional 34 units were under construction prior to 2023.

- F. NG-23 (Medium Density Residential). The Specific Plan includes up to 83 single-family 30-foot wide, 2,400 to 3,000 square foot lots. Grading was completed for this 7.3-acre portion of the SLRSP site in 2021. In 2022, all internal roadways and backbone utilities were completed, and 70 residential units were completed, with the remaining 13 units under construction prior to 2023.
- G. NG-30 (Multi-Family Residential). The City Council approved Vesting Tentative Tract Map (VTTM) 3150 (which covers this portion of the SLRSP) on April 7, 2020. The Final Map was approved on October 6, 2020. VTTM 3150 is 10.6-acre portion of previously approved VTTM 3096, which further subdivided the multi-family development for 296 condominium lots to be constructed as a variety of unit types with townhomes, stacked flats, and efficiency units. Although the site was graded, no housing development occurred until 2022, when 106 units were completed, with another 92 under construction prior to 2023.
- H. NC (Hotel Project). The Planning Commission approved a Development Plan for a 200-room dual brand hotel on a 3.41-acre site within the NC zone, July 22, 2020.
- I. NC (Commercial Mixed Use Project). Lot 7 under the originally approved VTTM 3096 and Specific Plan was approved for 150,000 square feet of commercial development intended to serve neighborhood residents as well as visitors. On November 17, 2020, the City Council approved a Specific Plan Amendment and VTTM 3142, which would accommodate up to 114,300 SF of commercial and 77 affordable housing units on 11 lots within the subdivision. No development has occurred on that site. Please refer to the discussion of the affordable housing requirements of the Development Agreement under the Project Compliance section of this report for further discussion.
- J. Ag Heritage Center. The Planning Commission approved the design for the Agricultural Heritage and Learning Center portion of the project on October 27, 2021. The 53-acre AG-zoned portion of the Specific Plan includes 31,236 square feet of commercial buildings, including retail, restaurant, a market, and agricultural processing uses. Building permits for the four new shell buildings were issued in September 2022. Historic buildings were moved to the site, and some activity related to their rehabilitation was begun prior to 2023.
- K. Public Improvements. Public Improvement Plans (PIPs) were approved for onsite improvements associated with VTTM 3096, and these were underway prior to 2022, including the extension of backbone roadways and utilities through the site. This included the extension of Dalidio Drive and Froom Ranch Way. PIPs were also approved for offsite improvements associated with Froom Ranch Way west of the site to its intersection with Los Osos Valley Road, and this roadway was completed. Nearly all major onsite and offsite public improvements, including backbone roadways and utilities were completed in 2022. This also includes the central park within the single-family portion of the Specific Plan area. The Prado Road interchange project was still under review, and no grading or construction activities related to this project had begun.

Development and Related Activities in 2023 through February 2024

The following development-related activities took place since the time of the previous annual report related to the DA, MMRP, and Project Conditions, from March 2023 through February 2024:

- A. NG-10 (Single Family Residential). In 2022, all internal roadways and backbone utilities were completed, and 71 residential units were completed and occupied, plus construction of the model homes. An additional 52 units were completed in 2023 and through March 4, 2024, with 46 units currently under construction. There are 29 remaining single-family units that have not yet begun construction. Completion of the single-family units is expected in December 2024, for a total of 198 NG-10 units in this area.
- B. NG-23 (Medium Density Residential). All internal roadways and backbone utilities were completed in 2022, along with 70 residential units. The final 13 units within this development were completed in 2023. This portion of the Specific Plan has been fully built out, with a total of 83 NG-23 units.
- C. NG-30 (Multi-Family Residential). All approved multi-family residential development with VTTM 3150 has either been completed or is under construction. A total of 202 residential units have been completed to date, 96 of which occurred in 2023 and through March 4, 2024. An additional 94 units are under construction. Once these units are completed, all 296 units approved in this area will have been built. Completion is expected in July 2024. The Third DA Administrative Amendment (Attachment K) was signed September 13, 2023, to allow the for-rent Workforce Housing Units to be to be rented to households below 121% area median income in order to make the units eligible to more residents.
- D. NC (Hotel Project). A building permit for the 4-story structure was issued in December 2022, and construction began on the 200-room hotel project in 2023. The hotel has a 2-year construction schedule, with completion expected in early 2025.

Ag Heritage Center. Construction is ongoing, with the shell buildings mostly completed in 2023. Tenant improvement permits are currently in process for several restaurant, brewery, retail, market, and agricultural processing uses. Restoration of the historic structures is nearing completion, with designs consistent with the Cultural Resources report. The center has been named “SLO Ranch Farms and Marketplace” and is expected to be complete and open to the public in summer 2024. An Agricultural Conservation Easement has been recorded for approximately 42 acres of prime farmland. The property owner has leased the land to an organic blueberry farmer who is currently installing crops and site improvements in the area. City Staff is working with the blueberry farmer to ensure compliance with mitigation measures for landscape buffering and fencing on the farm, and permits are being obtained through the City Building Department where required.

- E. Public Improvements. Nearly all major onsite and offsite public improvements, including backbone roadways and utilities were completed prior to 2023. The only substantial remaining public improvement is the fourth leg of the roundabout at Dalidio/Froom Ranch Way, the design of which was approved in 2023. The applicant is in continued negotiations with the property owner to the east for the necessary right of way, which is required before construction can begin. Other minor remaining work includes installing a permanent electrical service to the pedestrian crosswalk across Madonna Road as part of the Tract 3150 improvements, along with a warranty issue with the asphalt pavement in Tract 3096 which the Public Works Department is currently resolving with the developer.

Public and private reimbursement agreements for oversized infrastructure and sewer lines will go to the City Council for its consideration later in 2024, pending receipt of cost documentation from the San Luis Ranch developer. Once received, City staff will prepare reimbursement agreements for Council consideration.

- F. Prado Road Interchange. San Luis Ranch recently fulfilled its required 28% contribution towards the Prado Road interchange per requirements of the Development Agreement, with a contribution of \$28,415,268, consistent with DA Operating Memorandum #3, signed on November 15, 2023 (Attachment H). Reimbursements were credited for oversizing of some infrastructure built by San Luis Ranch, reducing the developer's net financial obligation to \$24,018,752. The developer made a cash payment of \$14,121,072 on November 17, 2023. CFD funds of \$9,897,680, held from the developer's original bond sale in 2020 for project infrastructure, has been reserved for the City to use towards the Prado interchange. Collectively, San Luis Ranch's recent payment and the CFD reserve described above satisfy the developer's full financial obligation toward the Prado Road Interchange. The City has continued the project development process for the Prado Road Interchange in coordination with Caltrans, with the project now advancing from the Project Approval and Environmental Document (PA-ED) phase to the final design phase, with start of construction slated for 2027. The payment of funds constitutes substantial compliance with the Developer's conditions for Prado Road and it will be important to keep the project on schedule or escalating costs could inure to the City.

- G. Hazardous Tree Removals. On February 13, 2024, San Luis Ranch submitted an application to remove eucalyptus trees that posed a hazard to proposed development. Based on an evaluation of the accompanying arborist report, the City Arborist approved 35 trees to be removed, consistent with Municipal Code provisions that allow for the removal of trees that pose an imminent hazard to lives or property. Eight trees were approved for immediate removal, with the other 27 subject to a 10-day appeal period. In a similar action in October 2023, the City also authorized San Luis Ranch to remove four trees as recommended for removal by the applicant's arborist. The removals are currently in process by San Luis Ranch. Another tree removal application was submitted in March 2024 to request removal of an additional six trees. The application is currently under review.

by the City Arborist. All tree removals will be subject to replanting consistent with Mitigation Measures BIO-2(a) and BIO-2(b), which address tree replacement requirements. Refer to the Project Compliance section of this report for additional discussion.

New Applications in 2024 for Which Activities Have Not Yet Begun

- A. Lot 7 Residential Development Application. The San Luis Ranch developer has been working on preliminary plans which propose a predominantly residential development on Lot 7. The original 2017 San Luis Ranch Specific Plan identified that Lot 7 was to deliver 150,000 square feet of commercial development. On November 17, 2020, the City Council approved a Specific Plan Amendment and VTTM 3142 for a mixed-use development on Lot 7 which would accommodate up to 114,300 square feet of commercial and 77 affordable housing units on 11 lots. No final map for VTTM 3142 has been recorded, and no development has occurred pursuant to that approval.

Lot 7 is currently zoned Neighborhood Commercial. The preliminary site plan proposed by the developer as part of its application to alter the current entitlements for Lot 7 contemplates 276 market rate units to be developed by San Luis Ranch and up to 77 affordable units to be developed by Peoples' Self-Help Housing. Approximately 7,000 square feet of commercial space is proposed at the corner of Dalidio and Froom Ranch Way. The Specific Plan application fee has been paid, and the applicant is currently preparing the application materials for submittal. The proposal would require a General Plan amendment and Specific Plan amendment which are expected to be scheduled for City Council review to consider project initiation later this year.

- B. Office Lot. A 4.2-acre parcel is located on the east side of Froom Ranch Way and Dalidio near the future Dalidio Highway 101 interchange. The parcel is zoned Neighborhood Commercial and is identified for between 50,000 and 150,000 square feet of office buildings. Access to this parcel will be provided from the fourth leg of the Dalidio roundabout when right-of-way is acquired and the driveway is constructed in the future. No permits have been issued for construction on the office lot to date.

PROJECT COMPLIANCE

Development Agreement

Implementation of the San Luis Ranch project requires substantial new infrastructure to support new development, most of which is the responsibility of the developer. The approved Development Agreement (DA) for the project describes the developer's responsibilities in that regard.

The DA is a contract authorized by California Planning and Zoning Law and the City's Municipal Code that provides certain benefits to the developer, typically in the way of certainty and assurances to the developer regarding what rules will be applied for the project, in exchange for extraordinary public benefits. For example, the Specific Plan provides more affordable housing units than required by the City's standard inclusionary housing requirements.

Tract 3096 constructed offsite improvements to mitigate for the increase in traffic generated by the development. The developer is also paying fair share fees for projects that are not triggered solely by this development but will ultimately be needed upon build-out of the City. As described in the DA and the conditions of approval, some of the improvements being constructed with Tract 3096 are eligible for reimbursement, including wastewater and transportation infrastructure. Reimbursement agreements outlining the process which will be used to reimburse San Luis Ranch for qualifying oversized infrastructure will be presented to Council as separate agenda items. The reimbursement agreements are planned to provide reimbursement to San Luis Ranch via a combination of transportation impact fees already paid by San Luis Ranch, or pass-through fair share mitigation fees paid by other private developments.

Tract 3096 is meeting the City's agricultural land preservation requirements through a combination of onsite preservation and offsite easements. An Agricultural Conservation Easement was dedicated on January 30, 2019, to preserve 42.56 acres of prime farmland for onsite farming within the San Luis Ranch. Efforts related to this issue are in compliance with DA requirements.

Although the DA also addresses financing issues in great detail, compliance with these provisions will be addressed at the end of Fiscal Year 2023-24 (end of June 2024) in a separate agenda item related to activities under the Community Facilities District (CFD) that was created pursuant to the DA.

Several provisions of the DA warrant discussion because they either address issues that are currently in the process of being implemented, or require further action to bring the project into compliance:

- A. Section 5.04.4. Early Residential Development Fee. This provision of the DA requires the applicant to pay a fee to offset impacts to the City's General Fund for the cost of services associated with residential development in the event units are constructed prior to the commercial component of San Luis Ranch being completed. The DA requires an Early Residential Development Fee of \$262.00 per completed residential unit, less any unoccupied model homes, if the unit is completed before a certificate of occupancy is issued for any commercial use within the project. The cut-off date to establish final permits for calculation of fee is February 28th of each year. As of February 28, 2024, the City has identified a total of 400 residential units to which the fee will apply. (205 SFR Units; 202 MFR Units; 7 Unoccupied Model Homes). The total fee required to be paid for 2024 is \$104,800. Payment was made by MI San Luis Ranch on April 5, 2024 to fulfill this DA requirement. MI San Luis Ranch paid \$56,592 in 2023 based on 216 completed units, and \$9,432 in 2022 based on 36 completed units. Upon the issuance of the first certificate of occupancy for any commercial use in the project, the obligation to pay the Early Residential Development Fee shall terminate and shall thereafter no longer be collected by or paid to the City.
- B. Section 7.05. Affordable Housing Provisions. A key aspect of the approval of the multi-family development Tract 3142 and the Specific Plan amendment approved by City Council in November 2020 was that the commercial parcel on Lot 7 would absorb the majority of the inclusionary affordable housing requirement for San Luis Ranch and be developed as mixed-use. The inclusionary and affordable housing requirements are summarized in [Exhibit F of the DA](#), and the transfer of the required affordable units to Lot 7 was memorialized in the First Administrative Amendment to the DA, recorded in February 2021 (Attachment I). Between 64 to 77 affordable housing units are required to be constructed on Lot 7. This includes 26 affordable units transferred from the NG-30 MFR lot, which are a requirement of the existing project, plus 34 affordable units, which are required to satisfy the inclusionary requirement for the future commercial on Lot 7. That project has not yet been constructed, and until it is, the project will not have fully complied with this crucial provision of the DA. The new application for Lot 7, which would replace the approved mixed-use project contemplated in Tract 3142, will be required to be consistent with the affordable housing provisions of the DA. The development of the affordable housing portion of the project is a crucial component of the project and, should it appear that the developer is not making progress toward the provision of the required affordable housing, staff will consider actions to ensure compliance.
- C. Section 7.06.a. Solar Energy Generation. The DA requires that the project *"provide for accelerated compliance with the City's Energy Conservation Goals and its Climate Action Plan by implementing energy conservation measures significantly above City standards and norms by providing for solar PV energy generation for 100 percent of onsite electrical demand at build-out."* Solar is provided with the single and multi-family housing, but for other aspects of the project, this issue has not yet been fully addressed. For instance, the Ag Heritage Center identified PV

systems as a deferred submittal with the shell building, but the City has not received this submittal yet. PV systems have not been submitted for the hotel site yet, however the site is still under construction. Energy generation on the Lot 7 commercial parcel and the office lots have not yet been identified. City staff will monitor to ensure compliance with the requirements of this provision as the project is built out. Should it appear that the developer is not making progress toward the requirements of this provision, the City will consider actions to ensure compliance.

Attachment A summarizes the project's current compliance status with respect to relevant provisions of the DA. Except as noted above, as of March 2024 the developer is in compliance with all applicable requirements of the DA with respect to project milestones.

Mitigation Monitoring and Reporting Program

As part of the environmental review of a development project, the California Environmental Quality Act (CEQA) requires public lead agencies to impose feasible mitigation measures in order to substantially lessen or avoid the significant adverse effects of the project on the physical environment. All mitigation must be feasible and fully enforceable. Mitigation measures were included in the Final Environmental Impact Report (FEIR) for San Luis Ranch, certified by the City Council on July 18, 2017. Some of the traffic mitigation measures were updated in a subsequent City Council action taken on August 18, 2020. The Mitigation Monitoring and Reporting Program (MMRP) describes the procedures for the implementation of the mitigation measures identified in the FEIR. The MMRP specifies the entity responsible for monitoring the program and when in the process it should be accomplished.

Attachment D is the updated MMRP, showing the current status of compliance with all mitigation measures. In summary, the project is in compliance with all applicable mitigation measures required to date, except as noted below. In some instances, compliance is ongoing (e.g., with respect to biological and cultural resource issues) or currently in process of being completed.

Key mitigation measures currently in the process of being implemented, or require further action to bring the project into compliance, are:

- A. Mitigation Measure AG-3(a). Agricultural Conflict Avoidance Measures. Agricultural buffer, fencing, and related signage are required with the build out of Agricultural Heritage Center and installation of agricultural operations within the Conservation Easement. Installation is in progress, not yet completed.
- B. Mitigation Measure AG-3(b). Agricultural Fencing. Installation of the required agricultural fencing is required in conjunction with current agricultural site development and Agricultural Heritage Center. Installation is in progress, not yet completed.
- C. Mitigation Measure AG-3(c). Agricultural Buffer Landscaping. Installation of agricultural buffer landscaping is required in conjunction with the current site development of the blueberry farm. Installation is in progress, but not yet completed.

- D. Mitigation Measure AQ-1. Encourage Telecommuting. Compliance status to be determined, pending verification from project developer.
- E. Mitigation Measure AQ-3(a). Standard Air Quality Operation Mitigation Measures. With regard to the requirement to use onsite renewable energy systems, compliance status is still to be determined for the Hotel and AG Heritage Center projects.
- F. Mitigation Measure AQ-3(b). Offsite Air Quality Mitigation. Compliance status to be determined, pending verification from project developer that air emissions have been reduced to below daily threshold levels.
- G. Mitigation Measure BIO-1(f). Great Blue Heron and Monarch Butterfly Impact Avoidance and Minimization. City staff has not received required annual reporting for Habitat Enhancement Plan, verification of ongoing maintenance and required tree replantings, including compensatory tree replantings for previous tree removals. Verification of creation of required offsite nesting habitat for great blue herons also needs to be provided by the applicant. This Mitigation measures has not yet been fulfilled, and therefore San Luis Ranch is not in compliance with this requirement.
- H. Mitigation Measure BIO-2(a). Biological Habitat Mitigation and Monitoring Plan. City staff has not received required annual reporting for HMMP, including verification of required riparian habitat replacement at a 2:1 ratio. Annual monitoring is a requirement of the Habitat Mitigation and Monitoring Plan. San Luis Ranch is not in compliance with this mitigation measure and needs to submit annual monitoring and show compliance with replanting requirements.
- I. Mitigation Measure BIO-2(b). Tree Replacement for removals. Compliance status to be determined, pending verification from developer that tree replacements have been completed in accordance with annual reporting monitoring requirements (3 years), and direction from the City's Natural Resources Manager. Additional compensatory plantings will be required for compliance with Municipal Code requirements to mitigate the hazardous tree removals recently authorized in late 2023 and 2024. Currently, San Luis Ranch is not in compliance with this mitigation measure.
- J. Mitigation Measure BIO-2(c). Froom Ranch Way Bridge Design to Avoid Riparian Areas. Compliance status to be determined, pending verification from developer that required tree replacements have been completed accordance with annual reporting monitoring requirements (5 years), and direction from the City's Natural Resources Manager.
- K. Mitigation Measure CR-1(a). Historical Structure Relocation and Reconstruction Plan. Pending completion of reconstruction, currently in progress. Informational signage and a completion letter from the project's historical resources consultant is currently being prepared.
- L. Mitigation Measure T-3(a). Madonna Road Improvements. A component of this measure requires SLR funding an assessment for increasing transit headways. That study is underway as part of Short Range Transit Plan development. SLR did not contribute financially, but the study is underway.

In other cases, compliance cannot yet be determined because the project has not progressed sufficiently to trigger the required mitigation (e.g., items that relate to the design of commercial buildings). All applicable traffic mitigation has been completed as required to date. The only remaining fair share traffic mitigation fees are ongoing payment of Transportation Impact Fees (“TIF”) with each building permit. Attachment B is a summarized version of the MMRP for easy reference, with all mitigation measures put in sequential order of when compliance is required.

Project Conditions

Conditions of approval are imposed by the municipality as part of a land development application to be adhered to and exercised as part of a right granted to the property. Conditions of approval were adopted as part of the San Luis Ranch subdivision map (vesting tentative map for Tract 3096) approved by the City Council on July 18, 2017.

Attachment C shows the current status of compliance with all relevant project conditions. In summary, the project is in compliance or working towards compliance with all applicable project conditions required to date, with exception of the items noted below. Some conditions of approval have been fulfilled, while some are ongoing, and others will be addressed in later phases of development. The compliance status of the following conditions is pending resolution of key actions that are either ongoing or not yet completed:

- A. Condition 18. This requires the applicant to fund “monitoring of Highway 101 mainline merge, diverge, and weave level of service between Marsh & LOVR at occupancy of 100 units and again at occupancy of 200 units of the project. If deemed necessary by the City and Caltrans, components of the Prado Road Interchange Project, such as ramp metering or auxiliary lanes may be advanced.” The City has been in recent contact with Caltrans regarding the steps to fulfill this condition. Caltrans has requested current traffic counts at a couple of locations along the US 101 corridor to help guide their future planning efforts for potential ramp metering or other capacity improvements. City Staff is in contact with the San Luis Ranch developer to collect this information in spring 2024 before schools are out for the summer. Caltrans has not requested a comprehensive monitoring program, operations analysis, or preliminary design for ramp metering.
- B. Conditions 21 and 38. To facilitate the orderly development, the project anticipates future construction of the Prado Road Overpass, and VTTM Conditions of Approval 21 and 38 require the developer to construct a multilane roundabout control at Dalidio Drive and Froom Ranch Way. The first two legs of the roundabout have been installed. The third leg will be the future connection to the Prado Road overpass, and the fourth leg will provide access to the Madonna Plaza and Embassy Suites private development and the San Luis Ranch office lot. The Conditions of Approval require the developer to exhaust all feasible efforts to acquire the necessary off-site dedications, easements, and agreements for construction of the roundabout improvements. The San Luis Ranch developer has

been in negotiations with the adjacent property owner to acquire an access easement to construct the fourth leg of the Dalidio roundabout, and resolution of this requirement appears to be nearing completion. Improvements for the access driveway will be installed when right-of-way easements are obtained.

- C. Condition 55. Street trees are required as a condition of development, and as shown on the conceptual landscape plan approved with Vesting Tentative Tract Map 3096. Street trees shall generally be planted at the rate of one 15-gallon street tree for each 35 lineal feet of property frontage. Froom Ranch Way was constructed without the required street trees. City Staff is continuing ongoing discussions with the developer in an effort to bring this item into compliance.
- D. Condition 68. The implementation of the required recycled water system is currently under discussion between City Utilities staff and the developer. Recycled water lines have been installed, however, installation of recycled water meters and backflow preventors are needed in order to make the system operational. City Staff will continue to work with the developer to complete the recycled water system.

Community Facilities District (CFD)

A Mello-Roos Community Facilities District (CFD) was established and approved by the City Council in February 2019 and formally adopted on April 16, 2019 (Ordinance No. 1661). The CFD for San Luis Ranch is a special tax assessment in the district which was established to fund infrastructure.

The City is authorized to levy the tax through the annual property tax roll. In addition, the City is responsible for the calculation and reporting of the annual special tax in accordance with the Rate and Method of Apportionment. The City prepares the Annual Tax Report for the CFD which reports on the status of the CFD, the costs of CFD, and the amount of special taxes calculated and collected. The City's Finance Department is responsible for preparing an annual report on the CFD at the end of each fiscal year to coincide with the Citywide annual budget and is therefore not included in this report. The CFD annual report was last completed and presented to Council on August 15, 2023.

Previous Council or Advisory Body Action

The following City Council or Advisory Body actions have occurred relevant to the project activity currently underway:

- Specific Plan, VTTM 3096, and FEIR Approval. The SLRSP was adopted by the City Council in July 2017. VTTM 3096, which covers the entire Specific Plan area, was adopted at the same time as the SLRSP. The City Council certified the Final Environmental Impact Report for the project, including adopting CEQA findings and a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Plan.

Item 6c

- Specific Plan Amendment and Final Supplemental EIR (FSEIR). On July 17, 2018, the City Council approved a Specific Plan Amendment for the project and adopted a resolution certifying Final Supplemental Environmental Impact Report (“FSEIR”) for the revised project, which was prepared analyzing the environmental effects of a revised development project with modified phasing.
- Development Agreement Approval. The Development Agreement (“DA”) for the San Luis Ranch project was adopted by the City Council on August 21, 2018, and recorded on September 18, 2018.
- Park Design Approval. The Parks and Recreation Commission (PRC) approved the design of the 2.8-acre central park on November 7, 2018.
- Final Map Approval. The Final Map for VTTM 3096 was approved by the City Council on November 27, 2018.
- CFD Formation. Pursuant to Section 5.02 of the Development Agreement, a Mello-Roos Community Facilities District (CFD) was established and approved by the City Council in February 2019 and formally adopted on April 16, 2019 (Ordinance No. 1661).
- Updated Mitigation Measures and FEIR Addendum. The City Council approved updated traffic mitigation measures and adopted a related FEIR Addendum on August 18, 2020.
- Final Map Recordation. The Final Map for VTTM 3096 was recorded on September 14, 2020.
- VTTM 3150 Approval (NG-30 - Multi-Family Residential). The City Council approved VTTM 3150 on April 7, 2020. The Final Map was approved on October 6, 2020.
- NC (Hotel Project). The Planning Commission approved a 200-room dual brand hotel on a 3.41-acre site within the NC zone on July 22, 2020. The project was referred to the Airport Land Use Commission to consider whether it complied with all conditions related to a previous ALUC conformance finding with the ALUP. On September 2, 2020, the ALUC modified one of its previous conditions to ensure compliance.
- NC (Commercial Mixed Use Project). On November 17, 2020, the City Council approved a Specific Plan Amendment and VTTM 3142, which would accommodate up to 114,300 SF of commercial and 77 affordable housing units on 11 lots within the subdivision.

- Agricultural Heritage Center. The Planning Commission approved the design for the Agricultural Heritage and Learning Center portion of the Specific Plan on October 27, 2021.
- Acceptance of Improvements. The City Council adopted a resolution for partial acceptance of public improvements and certification of completion of required private improvements for Tract 3150, a multi-family condominium re-subdivision of Lots 1 and 2 Tract 3096 on February 21, 2023.

Summary

As outlined in this report, while the San Luis Ranch project is moving forward, it appears that the Developer is not in compliance with several required mitigation measures or project conditions. City staff will continue to work with the Developer to ensure compliance moving forward. Continued non-compliance or lack of action toward compliance may result in actions being taken by the City to encourage compliance of these required conditions and mitigation measures.

Public Engagement

An extensive public review process was completed with the approval of the Tentative Map and San Luis Ranch Specific Plan. The annual monitoring of the San Luis Ranch Development Agreement and associated project mitigation measures and conditions have a “notify” level of public engagement, which has been accomplished through this agenda item and associated staff report.

CONCURRENCE

The Community Development Director, Public Works Director, Utilities Director, and Parks and Recreation Director concur with the recommended action.

ENVIRONMENTAL REVIEW

Annual monitoring of the San Luis Ranch DA and MMRP is categorically exempt from California Environmental Quality Act (CEQA) according to CEQA Guidelines Section 15306 (Information Collection), which exempts “basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource.” These actions also qualify for the “common sense” exemption under Section 15061(b)(3), which covers activities “where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” Annual monitoring does not change any aspect of the approved San Luis Ranch project, nor does it introduce the potential for any new environmental impacts. Therefore, the proposed action is categorically exempt from further analysis under CEQA.

FISCAL IMPACT

Budgeted: Yes
Funding Identified: Yes

Budget Year: Annually beginning 2023-24

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund				
State				
Federal				
Fees				
Other:				
Total	\$0	\$0	\$0	\$0

Section 5.03.2.(f) of the San Luis Ranch Development Agreement requires the developer to pay for consultant costs related to the annual Mitigation Monitoring and Reporting Program evaluation and Development Agreement review. The consultant's scope of work to prepare this year's annual evaluation and reporting for the San Luis Ranch MMRP and DA review totaled \$8,640. The consultant is contracted by the City and paid for by the San Luis Ranch developer. There are no direct fiscal impacts to the City related to the MMRP and DA annual review and reporting.

Supplemental taxes are assessed and collected on the project through the Community Facilities District to pay for infrastructure. The CFD annual compliance report will be a future agenda item prepared at the end of each fiscal year to coincide with the Citywide annual budget and is therefore not included in this report. The CFD annual report was last completed and presented to Council on August 15, 2023.

ALTERNATIVES

1. ***Council could provide specific direction to Staff to work with the SLR Developer on conditions, mitigations, or other requirements.***
2. ***Council could decide to provide direction to staff regarding the annual monitoring report for the San Luis Ranch project and continue the item to a future meeting.***
3. ***Council could decide to reject the annual monitoring report for the San Luis Ranch project.*** This is not recommended since annual monitoring is a requirement of the DA and State Law (California Government Code § 65865.1).

ATTACHMENTS

- A – Summary of Compliance with the San Luis Ranch Development Agreement
- B – Summary of Compliance with the San Luis Ranch MMRP
- C – Summary of Compliance with the San Luis Ranch Project Conditions
- D – San Luis Ranch Mitigation Monitoring and Reporting Plan (March 2024)
- E – [San Luis Ranch Development Agreement](#) (provided via hyperlink)
- F – San Luis Ranch DA Operating Memorandum 1
- G – San Luis Ranch DA Operating Memorandum 2
- H – San Luis Ranch DA Operating Memorandum 3
- I – First Administrative Amendment to San Luis Ranch DA
- J – Second Administrative Amendment to San Luis Ranch DA
- K – Third Administrative Amendment to San Luis Ranch DA