



ATTACHMENT C

City Council Staff Report (03/13/18)



Staff Report

File #: TMP-0968, **Version:** 1

MEETING DATE:

MARCH 13, 2018

SUBJECT:

ORDINANCE NO. 2018-1462 (DEVELOPMENT AGREEMENT 16-001), RESOLUTION NOS. 2018-8467 (TENTATIVE SUBDIVISION MAP 16-001), 2018-8468 (CONDITIONAL USE PERMIT 17-004), 2018-8469 (GRADING VARIANCE 17-005) - PROJECT NO. P16-0005 H.G. FENTON DEVELOPMENT CO. LLC TERMINATION OF DEVELOPMENT AGREEMENT BETWEEN CITY OF SAN MARCOS AND SCRIPPS AND REQUEST FOR ENTITLEMENTS TO FACILITATE FUTURE DEVELOPMENT OF THE SITE FOR OFFICE, COMMERCIAL, RESIDENTIAL, PUBLIC PARK, POTENTIAL SCHOOL SITE AND OPEN SPACE ENHANCEMENT AND PRESERVATION ON 41 ACRES LOCATED EAST OF BENT AVENUE AND NORTH OF THE FUTURE DISCOVERY STREET EXTENSION

Recommendation

ADOPT the following entitlements:

1. First Reading of a Development Agreement Ordinance terminating the existing Scripps Memorial Hospital Development Agreement and the Owner Participation Agreement between Scripps Memorial Hospital and the City of San Marcos;
2. Resolution to approve a Tentative Subdivision Map for the mapping of 12 lots for future building pads, open space enhancement and preservation, public park site, storm water detention basins and potential school site;
3. Resolution to approve a Grading Variance to allow for five (5) slopes to exceed 20 feet; and
4. Resolution to approve a Conditional Use Permit to allow for the temporary use of a rock crusher during project construction.

Board or Commission Action

The Planning Commission recommended approval to City Council by a 7-0-0 vote.

Relevant Council Strategic Theme

Quality of Life

Planning for the Future

Relevant Department Goal

Not applicable

Executive Summary

In 1991, the City of San Marcos adopted the Scripps Health Care Campus Specific Plan (SHCCSP) on 80 acres. This plan envisioned a hospital, medical office space, medical health center/chemical dependency

hospital, a skilled nursing facility, a health education center, child care center, fitness center, a special treatment clinic, research buildings, and helipad. The total anticipated build out (structures) under SHCCSP is 1,240,000 square feet and the buildings range in height from one to seven stories. In 2009, approximately 41 acres on the north side of the future Discovery Street was removed from the SHCCSP area and adopted under the University District Specific Plan anticipating office, commercial, residential, a potential school site, and a future park site. The remaining 39 acres retained the designation as the Scripps Health Care Campus Specific Plan.

On January 26, 2016 an application was submitted by the H.G. Fenton Development Company LLC (Fenton) requesting approval of a Tentative Subdivision Map (TSM 16-001) with the intent to create new lots for future development on the north side of the future Discovery Street within the University District Specific Plan Area. Pending the TSM 16-001 approval, this site could be graded to create building pads, install drainage infrastructure and build roads. A Conditional Use Permit (CUP 17-004) is requested to allow the temporary operation of a portable rock crusher and a Grading Variance (GV 17-005) to allow slopes to exceed 20 feet in height. Pending future Site Development Plan submittals, this area could potentially be developed to construct Office Flats, Townhouse Flats, Freeway Commercial Buildings, West Creek Park, and provide a portion of a potential school site per the adopted University District Specific Plan.

Discovery Village North will complete the full width of Discovery Street from Bent Avenue to Twin Oaks Valley Road. Approximately 15.3 acres of this site will be preserved and enhanced as permanent wetland and sensitive habitat, enhancing the quality of the San Marcos Creek. Prior to approving TSM 16-001, CUP 17-004, and/or GV 17-005, the existing Scripps Hospital Development Agreement (Ordinance 91-910/DA 91-05) must be terminated.

Note that the proposed Discovery Village North project is being brought forward separately, but concurrently, with a proposal for development of an area south of the future Discovery Street known as "Discovery Village South". The Discovery Village South site is also subject to the Development Agreement referenced above. Both projects rely on termination of the Development Agreement, as well as construction of Discovery Street from Bent Avenue to Twin Oaks Valley Road, as proposed with the Discovery Village North project. The two projects are separate but share these common elements. In addition, Discovery Village South is shown as a remainder lot on the proposed Discovery Village North TSM and is envisioned to be mass graded along with the Discovery Village North Project, as described in this report.

Discussion

The proposed project has been reviewed in accordance with the City of San Marcos General Plan, University District Specific Plan, Title 17 of the San Marcos Municipal Code (Buildings & Construction), Title 19 of the San Marcos Municipal Code (Subdivision Ordinance) and Title 20 of the San Marcos Municipal Code (Zoning Ordinance).

Development Agreement

Prior to approval of any entitlement, the Applicant/Developer must obtain approval by City Council to terminate the Scripps Memorial Hospital Development Agreement and Owner Participation Agreement under DA 16-001.

The original purpose of the Development Agreement was to facilitate development of a Scripps Memorial Hospital campus on the site, while ensuring that the City was compensated for infrastructure and fiscal

impacts caused by the development. The Development Agreement ensures that the site will remain entitled as a hospital or medically-related uses, and obligates Scripps and the City to a variety of road and infrastructure improvements, certain of which are either no longer feasible or are now lower in priority than other improvements. For example, plans for a Grand Avenue bridge have been superseded by those for bridges at Bent and Via Vera Cruz. The Development Agreement also required Scripps to pay annual fees to the City to guarantee the land use entitlement on the site for up to thirty years, in part to offset the loss of potential property taxes that would be generated by earlier development of the site under a possible alternate land use. Finally, the agreement exempted Scripps from the need to establish or pay fees associated with a future Community Facilities District and the payment of Public Facilities Fees. Under the current proposal, instead of being exempted from these requirements, the project would pay full Public Facilities Fees and would be annexed to all applicable Community Facilities Districts.

Since the Development Agreement was established, a number of the obligations within the Agreement have been met; the landowner, Scripps, has paid fees to the City under the Agreement and some of the infrastructure assigned to each of the parties has been constructed. Both staff and Fenton representatives, on behalf of Scripps, agree that the parties have endeavored in good faith to meet the applicable obligations of the Development Agreement and that many of the remaining obligations are no longer priorities, are not viable or are disproportionate to the proposed residential project. Therefore, the Development Agreement is no longer necessary.

Finally, as a benefit to the proposed project and to the City and its residents, Fenton proposes to construct all of Discovery Street from Twin Oaks Valley Road to Bent Avenue. Proportionally and according to standard City practice, the proposed project would only be required to partially construct the Discovery Street segment along the project frontage. However, Fenton has committed the project to build the entire road to its full planned width (four lanes). City staff and Fenton representatives have negotiated a proposed Reimbursement Agreement that will allow the City and Fenton (or subsequent developer agreed to by the City) to each fund segments of the road. Under this proposed Reimbursement Agreement, the City would be responsible for segments of the road that are outside the scope of a standard project obligation, or that provide added value to the City, with the City to exact reimbursement from adjacent landowners as future development occurs along the Discovery Street frontage. The Reimbursement Agreement has been brought forward to the City Council for decision with the proposed entitlements described in this staff report.

Advancing the construction of Discovery Street would not only improve access to the project site, but it would provide important benefits to the City, including; expediting the construction of a major piece of infrastructure identified in the City's General Plan Mobility Element and eligible under the Public Facilities Fees Program but not fully funded, providing an east-west roadway connection through the City to enhance the roadway network and relieve traffic from San Marcos Boulevard, and reducing the cost of road construction by avoiding future cost escalation.

Construction of Discovery Street

As described above, Discovery Street is an unbuilt section of the City's Mobility Element of the General Plan. Fenton has agreed to construct Discovery Street concurrent with the grading of the proposed project. The extension of Discovery Street was previously approved for development (with a certified EIR) under the University District Specific Plan Area. As a part of the Discovery Village North Project, Discovery Street is proposed as a four-lane major arterial that begins at Twin Oaks Valley Road. The existing Discovery Street segment from Twin Oaks Valley Road to Rush Drive will be widened to four lanes. Discovery Street will then be extended westerly from Rush Drive to the Discovery Drive/Bent Avenue intersection. From this point west, Discovery Street would be constructed to a four-lane road, as one of the City's Capital Improvement Projects within the adjacent San Marcos Creek District.

General Plan Conformance

Currently, Fenton has no intentions of developing Discovery Village North at this time or in the near future. However, Fenton is seeking approval of Tentative Subdivision Map (TSM 16-001) in order to subdivide 10 existing lots into 12 new lots, then proceed to mass grade the entire 80 acre site, install the street network and associated infrastructure. If approved, this would allow future merchant builders to come forward and process Site Development Plan(s) (SDP) to pursue development under permitted land use entitlements per the adopted University District Specific Plan in conformance with the adopted General Plan Land Use and Community Plan.

Tentative Subdivision Map

The proposed Tentative Subdivision Map would create 12 new lots on the 41-acre site. Seven of the proposed 12-lots would be graded to create building pads, install drainage infrastructure and build roads for future development consistent with the University District Specific Plan. The TSM will also create an approximate 15.3-acre open space lot for enhancement and preservation of San Marcos Creek, two storm water detention basin lots and an HOA lot. The 39-acre Discovery Village South property (P16-0037) is delineated as a remainder parcel as part of this TSM. TSM 16-001 also includes construction of Discovery Street from Bent Avenue, along the project frontage and off-site to Twin Oaks Valley Road and the realignment of Craven Road.

Phasing Plan Restrictions

A phasing plan will be required to file a Final Map in order to ensure that adequate internal circulation infrastructure and recreational amenities are in place in a timely manner.

Mass Grading

Fenton intends to mass grade the entire 80 acres (north and south project) as one operation under their ownership moving approximately 918,500 cubic yards of material. The site grading is proposed to be balanced. The mass grading will allow Fenton to establish the necessary grade elevations for the extension of Discovery Street from Twin Oaks Valley Road to Bent Avenue and establish future buildable pads. The project is conditioned with the restriction not to sell any material from the site.

Conditional Use Permit

As part of the mass grading efforts, Fenton anticipates the need to rely on a temporary portable rock crusher. The temporary rock crusher shall be limited to the north side of future Discovery Street for the purpose of breaking down the material for sub-base material. This will allow a substantial reduction in truck trips to and from this site. A rock crusher was anticipated and evaluated under the Final Environmental Impact Report (FEIR) for the University District Specific Plan and the 2017 Addendum to the EIR (State Clearing House Number 2008101083) pursuant to the California Environmental Quality Act which concluded less than significant impacts with the implementation of mitigation measures. The proposed project is conditioned on implementing mitigation measures to initiate the necessary sound attenuation and screening during the use of the temporary rock crusher. The location of the rock crusher is shown on the attached CUP 17-004 Resolution exhibit.

Grading Variance

A grading variance is required to allow limited sloped areas higher than 20 feet to create buildable pads for future development. The TSM for this project includes the Discovery Village South project area as a remainder parcel. As such the grading variance request includes slopes both north and south of the future Discovery Street alignment. The slopes will be up to approximately 30 feet in height on the north side of Discovery Street. A temporary slope would occur on the south remainder parcel of approximately 50 feet. The slopes are a result of the grading needed to accommodate the future Discovery Street alignment. Slopes

exceeding 20 feet in height are shown on the attached GV17-005 Resolution exhibit. Said manufactured slopes will be irrigated and planted to blend into the surrounding environment.

Potential School Site

The University District Specific Plan identifies a potential school site, envisioned as a K-6 elementary school site, within the Discovery Village North project boundaries on 8 net usable acres. An approximate 4 acre portion is located on the Discovery Village North property. Fenton's representative has contacted the School District and is continuing discussions regarding this possibility. If the K-6 elementary school is constructed, there will be no resulting decrease in the allowed number of Mixed-Use Residential dwelling units. Should the San Marcos Unified School District (School District) decide not to pursue acquisition of the site, this area would revert to residential uses (townhomes/flats) without need to amend the Specific Plan. Per the Specific Plan, the units that would have been constructed in the area of the potential school site may be redistributed into the residential dwelling units proposed elsewhere within the Specific Plan boundary.

Park Site

The University District Specific Plan identifies West Creek Park located in the westerly portion of Discovery Village North just north of the future Discovery Street. This park is anticipated to be a minimum of 1.63 acres consisting of a dog park, open field/play space, playground/tot lot and shaded seating areas. West Creek Park will serve as a convenient connection to the Grand Avenue urban trail and also serve as an internal University District bike and pedestrian path. West Creek Park has been conditioned to be constructed prior to occupancy of any building.

Boardwalk Design

As part of the entitlement process, staff has worked with Fenton in determining the location of a boardwalk multi-use trail as required by the University District Specific Plan. The boardwalk was envisioned to meander within the slope created to support the Discovery Street extension with the boardwalk encroaching further into the San Marcos Creek open space area. To avoid additional biological impacts to the open space area, the boardwalk was redesigned to more closely follow the Discovery Street alignment and serve as the primary pedestrian route on this segment of Discovery Street. The boardwalk will consist of a 10-foot decorative concrete boardwalk adjacent to Discovery Street from the future Grand Avenue extension west to Bent Avenue. It will include a 5-7 foot landscaped buffer area between the boardwalk and Discovery Street. The boardwalk will meander from the top of the slope and cantilever over the slope at certain areas. Three viewing areas with seating will be accommodated along the boardwalk for users to stop and view the San Marcos Creek open space area. The boardwalk will connect to the proposed pedestrian walkways located east and west of the boardwalk segment which will ultimately provide connectivity from the University District to the San Marcos Creek District. Construction of the boardwalk will take place simultaneously with the construction of Discovery Street.

Public Workshop

A public workshop was held on October 5, 2017. Because Fenton is concurrently processing the Discovery Village North project as well as Discovery Village South (P16-0037), the workshop discussed both projects, including the proposed housing layout and design for the Discovery Village South project as well as the proposed construction of the future Discovery Street. Fourteen people attended the workshop. Concerns expressed by the public included density and potential impacts the project would have on the School District. There were also inquiries relating to the temporary rock crusher, hours of operation and the portable rock crusher's general location. Another topic included the concern about ongoing college student parking issues in the general area.

Public Comment

The City received three (3) written comments from the public regarding the project (outside of the Mitigated Negative Declaration public review period for the Discovery Village South project). Concerns included impacts

to school capacities and comments from Tribal governments regarding cultural resources. Attachment G contains all public comments regarding the project.

Planning Commission Meeting

At the Planning Commission hearing on February 5, six (6) individuals spoke regarding the Discovery Village North Project. Questions were raised regarding the extension of Discovery Street and whether Echo Lane would be used as a cut-through from Craven Road. Staff explained that Discovery Street would connect to and be improved to Twin Oaks Valley Road. Also, Echo Lane would not be connected to Discovery Street. Concerns were also raised regarding school capacity and that additional residential development in the area will continue to impact schools. The remaining three speakers were supportive of the project, citing circulation improvements due to the Discovery Street extension and need for additional housing in the region. These public comments are included in the attached Planning Commission minutes (Attachment I).

Environmental Determination

The project is within the scope of the Final Environmental Impact Report (FEIR) for the University District Specific Plan and 2014 and 2017 Addendum to the FEIR (State Clearinghouse No. 2008101083) for the University District Specific Plan pursuant to the California Environmental Quality Act (CEQA).

Fiscal Impact

The project will result in both service costs as well as the generation of revenues through sales tax, property tax and development impact fees. As this portion of the project is consistent with the University District Specific Plan, a fiscal impact analysis was not conducted for the project; however, the largest service costs (fire, police services and landscape maintenance) will be mitigated in part through the established city-wide Community Facilities Districts.

Attachment(s)

Adopting Resolutions:

- 1- Ordinance No. 2018-1462 (Terminating Development Agreement 16-001)
- 1A- Attachment A - Development Agreement and Owner Participation Agreement (DA91-05)
- 2- Resolution No. 2018-8467 (Tentative Subdivision Map 16-001)
- 3- Resolution No. 2018-8468 (Conditional Use Permit 17-004)
- 4- Resolution No. 2018-8469 (Grading Variance 17-005)

- A- Vicinity Map
- B- Aerial Photo
- C- Requested Entitlements
- D- Site & Project Characteristics
- E- Tentative Subdivision Map
- F- Boardwalk Site Plan/Cross-sections
- G- Public Comments
- H- Tentative Subdivision Map Plan Set
- I- Planning Commission Meeting Minutes

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