

**PLANNING COMMISSION AGENDA REPORT**

**SUBJECT:** Review of the Draft Supplemental Environmental Impact Report (SEIR) prepared for the previously-approved San Luis Ranch Development Project during the 45-day public review period to address the proposed modified development phasing approach. The meeting is an opportunity to provide an update on the previously-approved project and for City and consultant staffs to gather information from the public regarding the analysis and findings of the Draft SEIR.

**PROJECT ADDRESS:** 1035 Madonna Road      **BY:** John Rickenbach, Contract Planner  
Phone Number: 805-610-1109  
Email: [JFRickenbach@aol.com](mailto:JFRickenbach@aol.com)

**FILE NUMBER:** SPEC/ANNX/ER-1502-2015      **FROM:** Tyler Corey, Principal Planner

**RECOMMENDATION:** Receive public testimony and provide input to City and consultant staffs regarding any additional analysis or data needed to adequately evaluate environmental issue areas within the Draft SEIR. No action will be taken at this time.

**SITE DATA**

<b>Applicant</b>	Coastal Community Builders
<b>Representative</b>	Marshall Ochylski and Bill Wells
<b>General Plan and Zoning</b>	Specific Plan Area (various land use designations including— residential, commercial, office, open space and agriculture consistent with the Land Use Element and San Luis Ranch Specific Plan)
<b>Site Area</b>	131.3 acres
<b>Environmental Status</b>	A Draft Supplemental EIR is now under public review. The public review period extents from April 30, 2018, to June 13, 2018.



**SUMMARY**

On July 18, 2017, the City Council approved the San Luis Ranch Specific Plan and certified the associated Final EIR for that project, which envisions a mixture of residential and non-residential development on roughly 70 acres of a 131.3-acre site. The remainder of the site would remain in agricultural use or open space. Approved entitlements at that time also included a Vesting

Tentative Tract Map/Development Plan for the residential portion of the project. Ultimately, the project site requires annexation to the City before any development under the approved Specific Plan can occur.

A Development Agreement application has been authorized by the City Council for this project. Following the entitlements previously approved by the Council in 2017, the negotiation of the development agreement progressed. Through these negotiations, the project applicant, Coastal Community Builders, determined that the fixed sequential phasing of development and timing requirements of the associated Prado Road Interchange project would impact their ability to finance the infrastructure required to support the project. In order to address this, the applicant is now proposing to modify the previously approved project by adjusting the phasing plan description such that each of the project phases could overlap, be out of sequence, or be concurrent, depending on market conditions and to adjust project conditions and/or mitigation measures to implement such adjusted phasing plan.

As with the Avila Ranch project, the Community Development Director may also authorize the developer, in any given year, to construct 50% of the units allocated to the project in the following year if the Director determines that doing so is necessary to facilitate construction of beneficial public facilities and infrastructure. The purpose of this authorization is to realize the public benefits associated with the Project, mitigate known potential impacts resulting from the Project, and implement development requirements, including infrastructure requirements, which the City has found to be consistent with, and not a waiver of, the requirements of the City's Growth Management Ordinance.

These changes would be reflected in the Specific Plan and Development Agreement. No other approved entitlements would be affected. The proposed revision envisions no change to the land use plan or development potential compared to what was approved by the City on July 18, 2017.

A Draft Supplemental EIR has been prepared to analyze the effects of those proposed changes, and is available for review on the City's website at:

<http://www.slocity.org/government/department-directory/community-development/documents-online/environmental-review-documents>.

In addition, the original certified Final EIR for the project that the Draft SEIR is based on is also available on the City's website. It should be noted, however, that the certified Final EIR is not under review (since it was already certified), but a link is provided for reference, primarily to provide context for the review of the Draft SEIR:

<http://www.slocity.org/government/department-directory/community-development/planning-zoning/specific-area-plans/san-luis-ranch>.

## **1.0 SITE INFORMATION**

The site is comprised of approximately 131 contiguous acres in unincorporated San Luis Obispo County, surrounded by areas within the City of San Luis Obispo, and within the City's Sphere of

Influence, generally bounded by Madonna Road, Dalidio Drive and U.S. Highway 101. Dominant features of the site include the predominantly flat landform, seasonally planted with row crops, an existing stand of eucalyptus trees in the southwest portion of the site, and the Dalidio ranch-related buildings in the northwestern portion of the site.

**Table 1: Site Information**

<b>Site Size</b>	~131 acres
<b>Present Use &amp; Development</b>	Agriculture
<b>Topography</b>	Flat
<b>Access</b>	Madonna Road, Dalidio Drive and Froom Ranch Road
<b>Surrounding Use/Zoning</b>	<p><b>West:</b> R-1 (low density residential)</p> <p><b>North:</b> PF, C/OS-40, R-1, C-R-PD (Laguna Lake Park and surrounding open space, low density residential, and the U.S. post office)</p> <p><b>East:</b> PF, O-PD (U.S. Highway 101, the City’s wastewater treatment plant and a drive-in theater)</p> <p><b>South:</b> C/OS-20, C-S, C-S-PD, C-T-SF, C-R (SLO City Farm, Target, variety of commercial service uses, and auto dealerships)</p>

## 2.0 PLANNING COMMISSION’S PURVIEW

The purpose of this public hearing is to receive a project update and provide a forum for discussion of the Draft SEIR during the public review period for the document. Both Commission and public testimony at this public meeting should be focused on the content of the Draft SEIR, rather than the particular merits of the project itself. The Planning Commission is not being asked to make a recommendation or take action on the project at this time. The Commission will formally review the proposed project modifications, including the proposed Development Agreement, at a separate public hearing tentatively scheduled for June 28, 2018, once a Final SEIR has been prepared based on public comments received during the 45-day public review period, which extends until June 13, 2018. At that hearing, the Commission will make recommendations to the City Council on certifying the Final SEIR and the revised project, including the proposed Development Agreement, which is based on the development parameters of the project approved on July 18, 2017, and also reflects the phasing approach included in the revised project.

## 3.0 PREVIOUS ADVISORY BODY REVIEW

The Planning Commission considered and provided input on the San Luis Ranch project on eight occasions from 2014 through 2017, before finally recommending approval in June 2017. The City Council approved the project on July 18, 2017. Prior to its July 2017 approval, the project was also considered before various City advisory bodies to consider specific aspects of the proposed project that relate to their purview. These advisory bodies included the Bicycle Advisory Committee (BAC), Parks and Recreation Commission (PRC), Architectural Review Commission (ARC), and Cultural Heritage Committee (CHC). These reviews helped inform the Planning Commission’s recommendation to the City Council, ultimately leading to project approval. Because the revised project only involves a modified phasing approach, and no changes to land use, development buildout potential, or architecture, no City advisory body review is required other than the Planning Commission.

The Airport Land Use Commission (ALUC) also reviewed and recommended approval of the original project with conditions that were incorporated into the approved project. Because the revised project involves a Specific Plan Amendment to address changes to phasing, the ALUC is required to consider the revised project, even though no land use or safety considerations that fall within their purview were part of the proposed action. The ALUC hearing is scheduled for May 16, 2018, but at the time this staff report was published that meeting had not yet occurred. Staff will provide an update on the ALUC's action at the May 23<sup>rd</sup> Planning Commission meeting.

## **4.0 CEQA PROCESS**

### **4.1 Determination to Prepare a Supplemental EIR**

The City Council unanimously certified a Final EIR and approved the project on July 18, 2017, pursuant to City Council Resolution No. 10822 (2017 Series). A Notice of Determination (NOD) was prepared, and there were no legal challenges to the adequacy of the Final EIR during the 30-day statute of limitations associated with the NOD, pursuant to CEQA (PRC Section 21167 and CEQA Guidelines Section 15094).

The proposed modification to the approved project would only affect the phasing and development schedule, not the land use pattern or ultimate buildout potential of the project. Nevertheless, this change requires a Specific Plan Amendment, which is a “discretionary” action that is subject to CEQA. A Supplement to the Final EIR (or “Supplemental EIR”) was determined to be the appropriate approach to CEQA compliance pursuant to *CEQA Guidelines* Section 15163, focusing on only those issues where potential impacts could be different, or the analysis changed, from what was included in the certified Final EIR. A Supplemental EIR tiers from the original Final EIR and is appropriate when only minor changes to an approved project are contemplated.

Section 1.0 of the Draft SEIR describes the full legal basis for this determination.

The SEIR is to serve as an informational document for the public and City of San Luis Obispo decision-makers. The process will culminate with Planning Commission and City Council hearings to consider certification of a Final SEIR as well as the applicant's requested modifications to the previously-approved project.

A Draft SEIR was prepared and released to the public on April 30, 2018. This started a 45-public review period that will end on June 13, 2018.

### **4.2 Draft Supplemental EIR Contents and Conclusions**

In general, the resulting overall impact of development would be similar to what was previously described in the certified Final EIR, because the same amount of development would be contemplated. However, there could be differences in the analysis of impacts and mitigation measures for certain issue areas that relate to project phasing, which could affect the timing and need for certain mitigation measures or result in a different level of significance

for such impacts during the time the project is being developed. This is potentially the case for the following issues areas, which are the focus of the analysis in the Draft SEIR:

- **Air Quality** (Section 4.3 of the certified Final EIR)
- **Greenhouse Gas Emissions** (Section 4.6 of the certified Final EIR)
- **Land Use/Policy Consistency** (Section 4.9 of the certified Final EIR)
- **Transportation** (Section 4.12 of the certified Final EIR)

These issues as they relate to updated project conditions are studied in Sections 2.1, 2.2, 2.3 and 2.4 of the Draft SEIR, respectively.

The updated analysis included reviewed technical studies related to air quality, greenhouse gas emissions, and transportation. Based on these studies, the Draft SEIR drew the following conclusions with respect to the above issues:

- **Air Quality.** Although emissions calculations were slightly different based on the compressed phasing and assumed start year of construction, there were no changes to the conclusions of the certified Final EIR. The level of significance of each impact identified in the Final EIR would be the same. In a worst-case scenario studied in the SEIR, which assumed that all approved development would be built within one year, a new mitigation measure would be required to prepared a Construction Activity Management Plan (CAMP) consistent with Air Pollution Control District (APCD) requirements. However, practically speaking, growth management restrictions in the Specific Plan and Development Agreement would preclude the possibility that all development cold actually occur within one year. Therefore, this mitigation measure would not be required based on the growth management restrictions included in the revised project through the amended Specific Plan and Development Agreement.
- **Greenhouse Gas Emissions.** The updated analysis and emissions calculations resulted in no changes to the conclusion of the certified Final EIR that impacts would be less than significant without mitigation.
- **Land Use/Policy Consistency.** The revised project was determined to be consistent with relevant General Plan policies and zoning. There are no changes to the conclusions of the certified Final EIR, although a new analysis of the revised project's consistency with the City's Growth Management Ordinance and related General Plan policies is included. The Draft SEIR analysis finds that the revised project is consistent with these provisions.
- **Transportation.** The certified Final EIR found that there were ten transportation-related impacts (T-1 through T-10), six of which were Class I, significant and unavoidable. Because buildout and long-term cumulative impacts under the revised project are identical to what was anticipated under the certified Final EIR, impacts with respect to transportation issues remain generally unchanged from those included in the certified Final EIR, except as noted in the following discussion.

The original 10 impact statements from the certified Final EIR would still apply, although the discussion of Impacts T-1, T-2, T-3 (which reflect near-term plus project

conditions) and T-5 are modified, and a new impact (T-11) has been identified. This new impact is summarized as follows:

*Under Existing and Near-term Plus Project conditions buildout of the project prior to construction of the Prado Road Overpass & NB ramps would result in Highway 101 from Madonna to Los Osos Valley Road operating below Caltrans level of service standards. This is a Class I, significant and unavoidable impact.*

The remaining impacts (Impacts T-4, T-6, T-7, T-8, T-9, and T-10) remain unchanged from the certified Final EIR. Seven of the 11 impacts (T-1, T-2, T-3, T-8, T-9, T-10, and T-11) are Class I, significant and unavoidable. The remaining 4 impacts (T-4, T-5, T-6 and T-7) are Class II, significant but mitigable.

Note that all impacts previously identified in the certified Final EIR would still be observed with the revised project, as would the classification of such impacts. That is, all impacts previously identified as Class I would still be Class I, and all impacts identified a Class II would still be Class II. Transportation Impact T-11 is a new impact not previously identified, and is considered Class I, significant and unavoidable.

## **5.0 GENERAL PLAN GUIDANCE AND POLICY CONSISTENCY**

The San Luis Ranch (Dalidio) Specific Plan Area was one of three Specific Plan areas designated for development when the General Plan Land Use and Circulation Elements update was adopted by the City Council in December 2014. On July 18, 2017, the City Council found that the project was consistent with policy direction for the area included in the General Plan, specifically Land Use Element Policy 8.1.4, which identifies the San Luis Ranch area as a Special Focus Area (SP-2), subject to policies for the development of a specific plan and certain broad development parameters and principles. The City Council also found the project to be consistent with all other General Plan policies, including those in the Circulation, Safety, Conservation and Open Space, and Water and Wastewater elements. The determination of consistency was based in part on the input from various advisory bodies that considered different aspects of the project. An evaluation of the project's consistency with General Plan policies is discussed at length in Section 4.9 of the certified Final EIR.

However, the Final EIR did not examine the effect of compressed or flexible project phasing with respect to the City's growth management regulations. For that reason, the relevant growth management policies from the City's General Plan and Zoning Regulations are analyzed in Section 2.3 of the Draft SEIR. The Draft SEIR concludes that the revised project is consistent with the City's growth management regulations, based on the analysis provided to address Impact LU-5 within that document. In summary, that analysis found that there is sufficient existing and projected capacity within the City's annual growth limitations to accommodate all development under the proposed project within the proposed compressed development timeframe.

## 6.0 PROJECT SUMMARY AND DISCUSSION

### 6.1 Previously-Approved Project Description Summary

The approved project is the development of a major new City neighborhood, which will be governed by a Specific Plan. As summarized in the certified Final EIR, the San Luis Ranch Project consists of a Specific Plan, General Plan Amendment and Pre-Zone, and Development Plan/Vesting Tentative Tract Map, including annexation of the site into the City of San Luis Obispo. The site is located in unincorporated San Luis Obispo County, generally between Madonna Road and U.S. Highway 101, south of Dalidio Drive, and is identified by assessor’s parcel number (APN) 067-121-022.

The project includes a mixture of residential, commercial, office, and hotel uses, with approximately 53 acres of the site preserved for agriculture and approximately 7.4 acres preserved for open space uses. Phases 1, 2, and 3 of the project would consist of residential development. Phases 4, 5, and 6 would consist of non-residential (commercial and office) development.

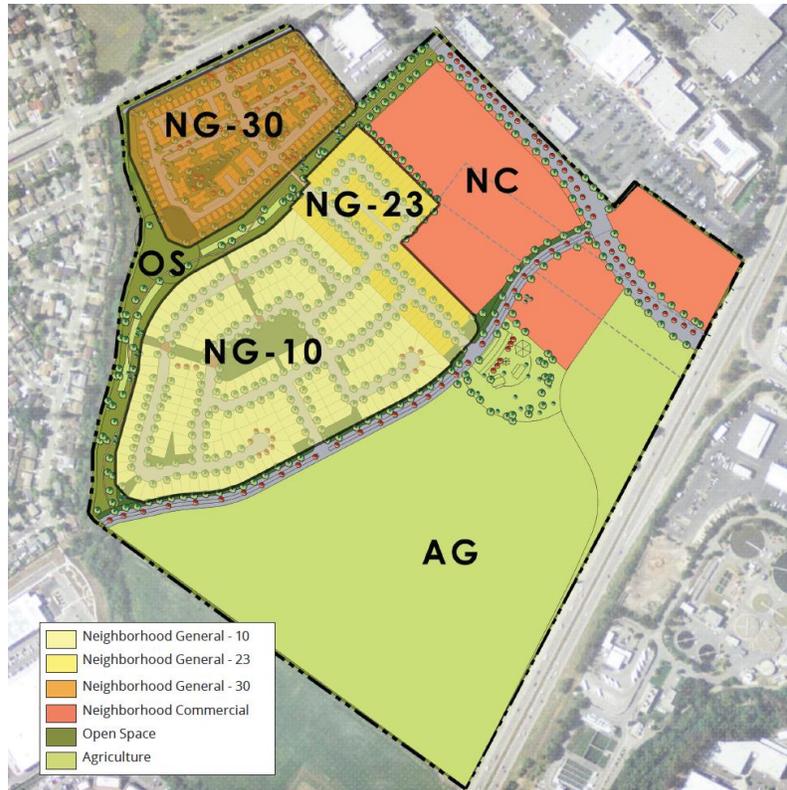
As shown in **Figure 1**, the Specific Plan area is organized into six land use designations, which are equivalent to zoning within the area. These include Neighborhood General 1 (NG-10), Neighborhood General 2 (NG-23), Neighborhood General 3 (NG-30), Neighborhood Commercial (NC), Open Space (OS), and Agriculture (AG). The applicable densities and development standards associated with each of these zones are described in detail below. **Table 1** lists the approved San Luis Ranch Specific Plan zones, acreages, and maximum buildout potential within each zone of the Specific Plan Area.

**Table 1. Approved San Luis Ranch Specific Plan Area Development**

Type	Specific Plan Zone	% of Site	Units	Acreage
<b><i>Planned Development</i></b> <sup>1</sup>				
Low-Medium Density Residential	NG-10	16.4%	200 units	21.5 acres
Medium Density Residential	NG-23	5.5%	100 units	7.3 acres
High Density Residential	NG-30	8.4%	246 units	11.0 acres
Affordable Housing Density Bonus <sup>2</sup>			34 units	n/a
Commercial	NC	9.0%	150,000 SF	11.9 acres
Office	NC	3.2%	100,000 SF	4.2 acres
Hotel and Conference Center	NC	2.7%	200 rooms	3.5 acres
Public Parks		2.1%	2.8 acres	
Roads		6.8%	9.0 acres	
<b><i>Agricultural and Open Space</i></b>				
Agriculture	AG	39.8%	52.3 acres	
Internal Open Spaces	OS	5.9%	7.8 acres	

*1. Planned Development area is based on net site area of approximately 122.5 acres. The gross site area is approximately 131.4 acres, less approximately 8.9 acres of right-of-way associated with regional roadway improvements.*

2. The project includes up to 34 deed-restricted affordable units on site. Per Section 17.090.040(d) of the City's Affordable Housing Incentives, the included affordable housing allows for a 20% density bonus.



**Figure 1. Approved Land Use Designations/Zoning**

The City Council unanimously certified the Final EIR and approved the project on July 18, 2017, pursuant to City Council Resolution No. 10822 (2017 Series).

## **6.2 Proposed Changes to the Approved Project (“Revised Project”)**

After further investigation the applicant found that the required fixed sequential phasing of development and timing requirements associated with the Prado Road Interchange project creates constraints on financing options, which potentially renders the development project infeasible. In order to address extraordinary upfront infrastructure costs, the project applicant proposes to modify the previously approved project by adjusting the phasing plan description such that each of the project phases could overlap, be out of sequence, or be concurrent, depending on market conditions and to adjust project conditions and/or mitigation measures to implement such adjusted phasing plan, including:

- (i) Removing phase numbering from mitigation measures T-1, T-2, & T-3;
- (ii) Removing condition of approval #6 “Project construction and infrastructure shall be completed in the sequential phase order as evaluated in the San Luis Ranch EIR...”; and

- (iii) Revising the mitigation measure monitoring program such that construction of the Prado Road Overpass & Northbound Ramp is not a requirement prior to occupancy of Phase 2 or any other project Phase.

The Prado Overpass & Northbound Ramps project is a joint City and Caltrans effort currently on schedule to begin construction in 2021. The proposed change in the San Luis Ranch project description does not affect the Interchange Schedule or the project's requirement to dedicate the necessary right-of-way and pay its fair share.

Based on item (i), Mitigation Measures T-1, T-2 and T-3 would now be revised based on an updated analysis, as described in Draft SEIR Section 2.4, Transportation.

In addition, the revised project includes an amendment to the Specific Plan to permit the Community Development Director to authorize the developer, in any given year, to also construct 50% of the units allocated to the project in the following year if the Director determines that doing so is necessary to facilitate construction of beneficial public facilities and infrastructure. The purpose of this authorization is to realize the public benefits associated with the project, mitigate known potential impacts resulting from the project, and implement development requirements, including infrastructure requirements, which the City has found to be consistent with, and not a waiver of, the requirements of the City's Growth Management Ordinance. These changes would be reflected in the Specific Plan and Development Agreement. No other approved entitlements would be affected. The proposed revision envisions no change to the land use plan or development potential compared to what was approved by the City on July 18, 2017.

Specific Plan. The development potential under the San Luis Ranch Specific Plan would remain unchanged from what was approved in July 2017. However, development could now occur more rapidly or in a different order than previously contemplated as described above and irrespective of when the Prado Road Interchange will be completed. The pace of residential and commercial development would still be subject to limitations set forth in the Specific Plan and Development Agreement for the project. The applicant will be required to pay its fair share contribution to the Prado Road Interchange project and the Interchange project will continue to be developed by the City and Caltrans with construction anticipated to begin in year 2021.

The portions of the approved Specific Plan that relate to phasing and the timing of development and related improvements will be modified to reflect the changes described above. This modification is considered a Specific Plan Amendment and is being processed as such.

Development Agreement. The Development Agreement was originally conceived to address the project as approved in July 2017. The proposed phasing modifications would be reflected in the Development Agreement before it can be approved.

## **7.0 NEXT STEPS**

The Planning Commission is not being asked to make a recommendation or take action on the project at this time. The Commission will formally review the proposed project modifications,

including the proposed Development Agreement, at a separate public hearing tentatively scheduled for June 28, 2018, once a Final SEIR has been prepared based on public comments received during the 45-day public review period, which extends until June 13, 2018. Following completion of this public review period, these would be the next steps in the process:

- Planning Commission Provides Recommendations to City Council on the Revised Project. The Planning Commission will make recommendations of the revised project, including the Development Agreement, tentatively scheduled for June 28, 2018.
- City Council Considers Revised Project. The City Council will review the Planning Commission recommendations, and consider the revised project, including the Development Agreement, tentatively scheduled for July 17, 2018.
- Annexation. LAFCo will consider the City's application for annexing the project area into the City based on the revised project, if approved. If the revised project is denied, the annexation application could still go forward based on the existing approved project.
- Project Development. Once annexed, the City's approved project entitlements will become effective, including Development Agreement provisions.

## 8.0 ATTACHMENTS

1. The San Luis Ranch Draft SEIR is available for review online at the following location: <http://www.slocity.org/government/department-directory/community-development/documents-online/environmental-review-documents>. Hardcopies are also available for review at the Community Development Department (919 Palm Street), City Hall (990 Palm Street) and the City-County Library (995 Palm Street).