

**CITY OF GRASS VALLEY
MEMORANDUM FOR
CITY COUNCIL MEETING OF NOVEMBER 13, 2006**

TO: Members, City Council

FROM: Joe C. Heckel, Community Development Director

SUBJECT: SDA Decision Making Process – Step 4
Review Loma Rica Ranch SDA Application for Consistency with Application Criteria as adopted by Council in Resolution 06-60

RECOMMENDATION: Via motion, confirm that Loma Rica Ranch SDA Application is not in compliance with the City’s SDA Application Criteria relative to their proposed land use mix or select other alternative as listed in report (See Pages 9-10)

SUMMARY: The Council has scheduled a special meeting to review whether the Loma Rica Ranch Special Development Area (SDA), as identified in the 2020 General Plan, generally meets the SDA application criteria outlined in resolution 06-60. This unique step of “pre-screening” an SDA application through this “application criteria” was developed by the Council in response to concerns with the land use mix changes that were being proposed by the SDA’s and a desire to work within the boundaries of the 2020 General Plan. If the Council determines the Loma Rica Ranch SDA application is aligned with the City’s criteria, authorization may be given to staff that the application be released for processing by the City. An authorization by the Council to allow a project to be processed in accordance with the California Environmental Quality Act (CEQA) is not tantamount to approval of the project or an agreement that the City’s General Plan would be altered or changed.

BACKGROUND ON SDA DECISION MAKING PROCESS (STEPS 1 – 4):

Presently, all applications filed on the SDA’s are on hold pending further direction by the Council. This directive has in place since November 9, 2004 when the City embarked on the preparation of an “Economic and Fiscal Conditions Study”. On April 11, 2006, the Council accepted the findings and recommendations of the “Economic and Fiscal Conditions Study”, but wished to provide further direction on how to specifically address the pending SDA applications. On April 11, a 4-step strategy was adopted by Council with the goal to define their parameters for an acceptable land use mix in the City’s Sphere of Influence, taking into consideration all of the information that is now available and releasing those SDA’s to be processed that generally met a set of criteria. Steps #1 - #3 involved public informational sessions, workshops and the definition of application criteria for the SDA’s. Step #4 allowed for the Council to make a determination whether an SDA application should be processed, deferred or denied. SDA applications found consistent by the Council would be processed and those that are not consistent would potentially be recommended for denial unless modified.

At their meeting of August 22, 2006, the Council completed Step #3 through their approval of resolution 06-60 which contained the application criteria for screening the SDA applications. A letter was forwarded to each SDA applicant that contained the application criteria adopted by the Council as well as a 30-day timeframe for developing a response. The SDA applicants were encouraged to refine their plan to be closer in alignment with the criteria and refile this information with the City. By September 22, the City had received written responses from each SDA applicant.

On September 26 and October 10, the Council provided direction to undertake Step #4 of their strategy and scheduled meeting dates for two of the SDA's, Loma Rica Ranch and Loma Rica Ranch, on November 9th and 13th. These two SDA's were chosen for consideration since they lie completely within the 2000-2005 annexation horizon of the City.

CHRONOLOGY OF LOMA RICA RANCH SPECIFIC PLAN:

The annexation of the Loma Rica Ranch to the City of Grass Valley and its ultimate development has been a subject of discussion for many years. The City expressed their interest and intent to annex this 452 acre area through their adoption of an Annexation Agreement on August 12, 1997. The Annexation Agreement, as signed by the City and then property owners Frederick and Grace Knoop, provided for the City to annex the property with certain conditions such as maintaining a particular land use mix for the project. One of the terms of the Agreement required the City to prezone the property to IDR-Interim Development Reserve with 115 acres of CBP-Corporate Business Park, 50 acres of REC-Commercial Recreation, 165 acres of OS-Open Space, and allow for 180 dwelling units on the property. The Agreement was designed to extend to future successors in interest to the property.

Between 1997 to 1998, the City worked with the property owners on the preparation and release of an Environmental Impact Report for this project, primarily to annex and ultimately develop the property to the land use mix specified in the Annexation Agreement. In November 1998, the Loma Rica property was approved for annexation by the City following the certification of an Environmental Impact Report (EIR). The City adopted findings of overriding consideration and prezoned the property to the land use mix noted in the 1997 Annexation Agreement.

However, with the adoption of the City's 2020 General Plan in 1999, the City determined that the pre zoning of this property must be in the form of a Specific Plan as defined by State law (Section 65450 et seq. of the California Government Code). The Loma Rica Ranch property was shown as an SDA-Special Development Area on the City's 2020 General Plan. All annexations and/or development proposals for SDA's were to be master planned through a Specific Plan or Specific Plan. The 2020 General Plan incorporated the same land use mix for this SDA as what had been shown in the Annexation Agreement.

In accordance with the 2020 General Plan, a draft Specific Plan on the Loma Rica property has been prepared and submitted to the City in November 2001. The Specific Plan proposed a land use mix which was generally consistent with the 2020 General Plan

(Figure 3-4). The 2001 Specific Plan was submitted as a customized zoning and design guideline document for the subject property, but did not reflect or propose any development at that time. As part of evaluating the applications, City staff advised the applicant that a Supplemental or Subsequent Environmental Impact Report (EIR) was required to address the environmental impacts or issues of this project. A Notice of Preparation (NOP) was prepared by the City on this Specific Plan and released for a 30-day review period in June 2002. Following the release of the NOP, the City received information that the property was being sold and that there was interest in filing an updated Specific Plan to better reflect the development interest of the new buyers.

The City received a revised Specific Plan application package for the Loma Rica SDA on October 19, 2004. As part of evaluating the applications, City staff advised the applicant that an Environmental Impact Report (EIR) was required to address the environmental impacts or issues of this project. City staff also noted that the land use mix of the 2004 Specific Plan was in contrast to the land use mix suggested for this SDA within the 2020 General Plan and the Annexation Agreement.

The City forwarded a letter dated August 23, 2006 advising the applicant of the City's newly adopted SDA application criteria. The City further encouraged the applicant to refine their plan to be closer in alignment with the criteria and refile this information within 30 days. The applicant filed a response on September 22, 2006 indicating they wish to generally retain the land use mix and development approach that is described in their 2004 Plan. The applicant did indicate the organic farm was being increased in size from the 2004 Plan.

DESCRIPTION OF LOMA RICA RANCH SPECIFIC PLAN:

As proposed by Carville Sierra, Inc. the project is a Specific Plan for a mixed-use development over 452± acres south of the City of Grass Valley. The Specific Plan separates the property into six (6) distinct neighborhoods, each of which has a specific land use mix of residential, commercial, open space and parks. A summary of the land uses of the October 2004 application is presented below:

Description of Proposed Zoning Districts and Land Uses for Loma Rica Ranch Specific Plan	Total Acres	Commercial Uses	Residential Uses
<i>Olympia Creek Neighborhood and Village Center</i> (located between Sutton Way & Brunswick Rd)	77 acres	437,400 sf of com/light ind	369 to 497 housing units
<i>Ranch Center Neighborhood</i> (located east of Brunswick Road / north of Idaho-Maryland Rd)	75 acres	30,000 sf of com uses	240 to 272 housing units

<i>Loma Rica Lake Neighborhood</i> (located south & adjoining Loma Rica Drive / Loma Rica Lake)	25 acres	40,000 sf of com uses	160 to 220 housing units
<i>Manzanita Village Neighborhood</i> (located in northeasterly portion, east of Ranch Center)	25 acres	5,000 sf of com uses	110 to 155 housing units
<i>Woodlands Village Neighborhood</i> (located east of Brunswick Rd / south of Idaho-Maryland Rd)	29 acres	110,000 sf of com/light ind	42 to 67 housing units
<i>Madrone Estates</i> (located in extreme easterly portion project)	18 acres	None	4 to 18 housing units
<u>Totals of Land Uses</u>	260 acres*	622,000 sf of com/light ind uses**	925 to 1,229 housing units

*Total acreage also includes parkland/open space for each neighborhood

**The Commercial square footage is separated into 252,400 sq ft of commercial and office uses and 290,000 sf of light industrial, incubator, and large footprint commercial uses

The table on Page 4 illustrates how the 452± acre SDA area would be rezoned pursuant to the Specific Plan and encompass these six different neighborhoods. Each neighborhood would have a distinct architectural and design flavor and features an array of commercial, recreation, office and open spaces uses. The Specific Plan provides detailed information on building styles, forms, appropriate architecture and how it should be placed relative to any adjoining public or private streets. The majority of the commercial or retail use is shown in the western portion of the property within the Olympia Creek or Ranch Center neighborhood. Of the 452 acre site, approximately 200 acres would remain undeveloped. To summarize the land uses, the applicant proposes to locate 252,400 s.f. of retail, office or general commercial uses, 290,000 s.f. of light industrial or large commercial uses, between 925 to 1,229 residential units, 101 acres of parks and open space.

The project also includes internal roadways, upgrades to the existing Brunswick Road and the continuation of Dorsey Drive from Sutton Way to Brunswick Road. Pedestrian trails circumnavigates the residential areas and provide connections to the commercial and office areas. Additional site development details relating to open space or park areas, parking, landscape, lighting and architecture is available within the project files.

In order to annex the project site into the City, it is necessary to also annex an intervening 3± property located at the corner of Sutton Way and Idaho-Maryland Road. The Loma Rica

Ranch property adjoins current City Limits and lies within the 2000-2005. Annexation will require authorization from the Nevada County Local Agency Formation Commission (LAFCo), but will not require any amendment to the City Sphere of Influence or 2020 General Plan.

REVIEW OF PROPOSAL FOR CONSISTENCY WITH SDA APPLICATION CRITERIA

The Loma Rica Ranch SDA application project has been revised from what is currently on file with the City to reflect recent public discussions and direction provided by the Council. The intent of this section of the report is to evaluate the revised proposal against the “SDA Application Criteria” adopted by the Council per resolution 06-60.

Please be advised that the intent of this review is to conduct a generalized critique of the project, determine if it is consistent with the SDA criteria and whether the land use mix is acceptable. It is not the intent of this evaluation to gauge or judge the “impacts” of this development proposal; that is a task that will be undertaken through the CEQA process. This Loma Rica Ranch proposal is reviewed within two different sections; “Evaluation of Application Screening for SDA’s” and “Evaluation of Policy Preferences or Guidelines”.

The evaluation shown below cites each criterion from resolution 06-60 and provides a corresponding response or review.

Evaluation of Loma Rica Ranch SDA to “Application Screening Criteria for SDA’s”.

Criteria 1: Is the timing of annexation for this SDA consistent with the SOI Plan?

Response: *Yes, the Loma Rica Ranch SDA, along with the annexation of the intervening parcel, is within the 2000-2005 time horizon of the Sphere of Influence Plan.*

Criteria 2: Is the project generally compliant with City annexation and SDA application requirements as specified in Article 13C-06(c) of City Zoning Code.

Response: *Yes, the primary test that the application had to meet was that it resided within the current annexation time horizon.*

Criteria 3: Unless the City determines that the SDA application demonstrates compliance with the items listed within criteria #3, the land use mix shall match or be generally aligned with the land use allocations assigned in the General Plan. It should be recognized that the 2020 General Plan assigned a specific land use mix or allocation to the Loma Rica Ranch SDA as it did to three of the four SDA’s. The EIR prepared for the 2020 General Plan also referenced and evaluated the Loma Rica Ranch SDA with the land use mix which is included in Figure 3-4. .

Response: Criteria 3 contains ten (10) different points that the application needs to demonstrate compliance. Each of these 10 points is highlighted below:

- Workforce Housing. Dedication of minimum of 20% of all housing units to be targeted low-to-moderate income families.

Response: The applicant has demonstrated compliance with this criterion by indicating that the project will dedicate 20% of their housing as affordable. The affordable units would include apartments over retail, small apartment buildings, rowhouses, duplexes, bungalow courts and small family cottages. Additional discussion on the assignment of residential use to the Loma Rica Ranch SDA is provided later in this report under the “Policy Preference or Guidelines” section.

- Local or Regional Circulation Improvements. Provision of local or regional transportation improvements that mitigate transportation impacts.
Response: The applicant has demonstrated compliance with this criterion by showing the following; A) installation of the Dorsey Drive Extension from Sutton Way to Brunswick Road, B) Payment of at least \$2.0 million in mitigation fees, and C) Provision of bike paths and walking trails to serve as a local alternative to driving. Though the City may wish to encourage or incorporate other regional circulation improvements to this application package at this early stage such as, but not limited to, improvements for the Dorsey Drive Interchange, Idaho-Maryland Road/Brunswick Road intersection, widening or enhancements of Brunswick Road (along with pedestrian access) along the project frontage and extending north to the Glenbrook Basin, it is difficult to ascertain the level of mitigation that will be needed or can be legally required until the City obtains additional traffic and circulation analysis through the CEQA process.
- Local or Regional Infrastructure. Provision of local or regional infrastructure to address flooding, drainage or utility service issues.
Response: The applicant did not describe or highlight the provision of any additional regional infrastructure, but placed an emphasis on their project as being infill and such infrastructure needs as drainage, power, water and sewer are already available or can be addressed on-site. .
- Extension of Infrastructure to Facilitate Job Creation Opportunities: Prepare commercial lots to facilitate job creation businesses.
Response: The applicant has demonstrated general compliance with this criterion by stating that the project intends to prepare approximately 74 acres of commercial properties for job creation purposes (the 2020 General Plan sets forth 115 acres of such use for this SDA). The proposal states that the commercial properties would be phased in a manner to ensure a job-housing balance of 1.6 for the project.
- Park or Recreation Facilities and Resolution of Maintenance Costs: Provision of local or regional park/recreation amenity or community facility.
Response: The applicant has demonstrated compliance with this criterion by showing a variety of parks, trails, plazas, agricultural lands and public

open spaces for varying recreational uses. Other facilities that can be accessed by the public include a Loma Rica Lake picnic area, community organic plots and public health club. The proposal notes that these park areas could be maintained by a Lighting and Landscaping Assessment District, Homeowner's Association or non-profit institute.

- Open Space Acreage beyond 2020 General Plan Requirements for SDA: Provision of open space beyond General Plan requirements for this SDA.
Response: The applicant has demonstrated compliance with this criterion by showing the dedication of approximately 13 acres of open space or what is 20% of the 65± acre SDA. As noted previously, the 2020 General Plan did not set a specific land use mix for this SDA.
- Innovative or Unique Development Approaches. Provision of innovative approaches in the design of this project including, but not limited to, architecture, mixed uses, public spaces and pedestrian/bicycle trails.
Response: The applicant has demonstrated compliance with this criterion through the following design approaches; A) provision of mixed use buildings featuring commercial/residential and live/work options, B) integration of Grass Valley architectural styles to both commercial and residential buildings, C) provision of pedestrian trails throughout project, D) provision of walkways and plaza areas adjacent to and surrounding retail buildings, and, E) enhanced streetscapes for Brunswick Road and/or Dorsey Drive Extension.
- Advanced Wireless or Fiber Communication Infrastructure. Provision of advanced wireless and fiber communication network for entire project.
Response: The applicant has demonstrated compliance with this criterion by stating that fiber optic lines would be extended to the project to encourage telecommuting and that Wi-Fi will be provided in commercial areas.
- Land Use Mix is Net Fiscal Benefit to City. Provision of evidence that the development plan will provide a net fiscal benefit to the City.
Response: The applicant notes that their phasing plan proposed would provide a development scenario in which the first 13 years would be fiscally positive for the City, years 14 through 19 would result in a negative fiscal impact and by year 20, the project would become fiscally positive. The fiscal information was provided from a study commissioned through Strategic Economics, but it was not provided within the September 22 transmittal.
- Phasing Plan to Achieve Buildout. Provision of a phasing plan to 2020 or beyond to verify how buildout will occur at a rate to match City goals.

Response: The applicant has demonstrated compliance with this criterion by stating that the project would be built out within twenty (20) years in eleven (11) phases. The proposal notes that their phasing plan and growth levels are projected to be approximately 150 to 240 residential units per year.

Evaluation of Loma Rica Ranch SDA with “Policy Preferences or Guidelines”.

Resolution 06-60 also provides guidance on how the City should evaluate the land use mix of the four SDA’s from a cumulative perspective. Entitled “Policy Preferences or Guidelines” within 06-60, four factors are listed that need to be considered by the Council as they evaluate the land use mix of each SDA. Each of the four factors is listed below along with a summary as to how the Loma Rica Ranch SDA addresses this point.

A) Provision of Business Park/Commercial Properties. The SDA’s or SOI should provide collective total of between 211 to 300 acres of commercial lands.

Comment: The concern driving this factor was the potential conversion and loss of commercial lands to residential uses. The Loma Rica Ranch SDA was targeted by the 2020 General Plan to contain 115 acres of “Planned Employment”. The current proposal shows that 74 acres of the 452 acre SDA would be prepared and developed for commercial or business park use. The Council may determine that 74 acres may be an appropriate amount of acreage to address future business park needs (and fall within the guideline of this Policy Preference); however, the 74 acres can be developed for either commercial or business park uses. In evaluating this factor, the following points should be considered with the Loma Rica proposal:

- Conversion of land designated for business park uses to commercial uses;*
- Acceptability of commercial uses within this portion of the community; and,*
- Ability of commercial lands within this SDA to accommodate future business uses which feature a moderate employment force oriented to manufacturing, assembly, wholesale or storage uses.*

B) Preference for Allocating Housing Units. Additional housing units should only be assigned to SDA’s which already have a housing allocation in the General Plan.

Comment: As noted previously, the Loma Rica Ranch SDA was assigned a specific land use mix and allocated any “180 housing units” within the 2020 General Plan. The 2004 Specific Plan shows between 925 to 1,225 housing units being incorporated to the project along with a justification that such housing needs to be provided at this density to achieve a strong social and economic mix. It is apparent that the Council was open to allowing those SDA’s which have a residential allocation to represent a slight change in their land use mix to accommodate a higher level of housing than was what assigned in the 2020 General Plan. If residential uses were a concern for this SDA and how it fits within the future growth of the entire Sphere of Influence, the Council could request that the proposal be

modified to either reduce or defer the residential uses to a later time horizon. The “Alternatives” section listed below provides some options to the Council for how to address this question.

- C) Assignment of Additional Housing to SDA’s. A portion of the additional housing projected for the SDA’s (viewed as potentially between 600 – 1,263 units) should be assigned to 2006, with remainder being reserved or “banked” for later time horizons.
Comment: The issue for the Loma Rica Ranch SDA is whether it should be processed with the level of housing units which extend beyond the 2020 General Plan. The assignment of an additional 745 to 1,049 residential units (once the existing 180 units were subtracted) to Loma Rica Ranch does not align with the City’s SDA application criteria, but the Council can provide authorization to process this project if special circumstances are demonstrated. If residential uses were a concern for this SDA and how it fits within the future growth of the entire Sphere of Influence, the Council could request that the proposal be modified to either reduce or defer the residential uses to a later time horizon. The “Alternatives” section listed below provides some options to the Council for how to address this question.
- D) Preference for Allocating Housing Units to SDA’s with Buildout Beyond 2020. There would be a preference for allowing an SDA to be processed if it shows any additional housing units within its development plan as being built beyond 2020.
Comment: See Comment “C” above.
- E) Re-evaluation of Infrastructure to Accommodate any Additional Residential Uses. The infrastructure needs and capacity of an area of the City would need to be re-evaluated if an SDA was proposing to alter its land use mix from the General Plan.
Comment: The addition of between 745 to 1,049 residential units, if allowed, will potentially constitute a substantial change in the utility and public service needs for this project and need further evaluation during the CEQA process.

ALTERNATIVES

In reviewing the Loma Rica Ranch SDA proposal and how it aligns with the City “Application Criteria” adopted in resolution 06-60, the Council has the following options:

- Alternative 1:** Adopt resolution* that that application is not in compliance with application criteria and provide direction on preferred modifications to application proposal. Such modifications could include, or expand upon, the suggestions listed below:
- A) Reduce the residential uses on the property to a maximum of between 500 to 700 units;
 - B) Increase amount of business park land within subdivision to encompass at least 70 acres and demonstrate how area can

accommodate future business park or light industrial users; and

- C) Delete, defer or decrease amount of commercial lands by approximately 20% - 30%.

Alternative 2: Adopt resolution* finding application is in general compliance with application criteria. An option under this Alternative 2 is to authorize the processing of the proposal, but require that the Alternatives Section within the Draft Environmental Impact Report fully evaluate at least two different alternatives to the project such as maintaining the 2020 General Plan and a lowered density alternative.

Alternative 3: Continue item for purpose of obtaining further information.

*Resolution will be provided at Council meeting

If you have any further questions, please do not hesitate to contact me.

Cc: Members, Planning Commission
SDA Applicant / Representative

Members, Planning Division
City Department Heads

Attachments:

- 1) Resolution 06-60 adopting preferred approach for evaluating SDA Applications
- 2) September 21, 2006 letter from Carville Sierra, Inc. on Loma Rica Ranch SDA with attached Exhibits
- 3) Location Map / General Plan Exhibit on SDA's
- 4) Annexation Agreement for Loma Rica Ranch dated August 1997