RESOLUTION NO. 1700

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SCOTTS VALLEY RECOMMENDING TO THE CITY COUNCIL CERTIFICATION OF A FINAL ENVIRONMENTAL IMPACT REPORT EIR15-001, GENERAL PLAN AMENDMENT GPA15-001, ZONE CHANGE ZC15-001, PLANNED DEVELOPMENT OVERLAYS & PERMITS PD15-001 & PD15-002, LAND DIVISION LD15-001, USE PERMITS U15-002 & U16-001, DESIGN REVIEWS DR15-001, DR15-009, AND DR16-001, AND A STATEMENT OF OVERRIDING CONSIDERATIONS FOR THE ENTERPRISE WAY PROJECT CONSISTING OF 50 TOWNHOUSE-STYLE CONDOMINIUMS, 120-ROOM HOTEL, AND RELATED PROPERTY IMPROVEMENTS, SUBJECT TO THE MITIGATION MONITORING AND REPORTING PROGRAM AND CONDITIONS OF APPROVAL FOR A VACANT PARCEL LOCATED AT THE END OF SANTA'S VILLAGE ROAD (PREVIOUSLY APPROVED BORLAND PHASE II) / APN 024-031-017

WHEREAS, the City of Scotts Valley has received an application and technical reports from CR&E Management and City Ventures (referred to together as the "applicant"), proposing to subdivide the parcel for development of a 50-unit residential development and 120-unit hotel, and related property improvements on a vacant 6.8-acre parcel, as shown on project plans dated January 19, 2016 (hotel), and December 2, 2015 (residential development) / APN 024-031-170; and

WHEREAS, the applicant has presented substantial evidence which supports the application; and

WHEREAS, the application is a "project" pursuant to the California Environmental Quality Act ("CEQA"), which requires the preparation and certification of an Environmental Impact Report in accordance with the requirements of the California Environmental Quality Act ("CEQA") and

WHEREAS, the City selected Kimley-Horn and Associates, an independent environmental consultant ("consultant") to prepare a Draft Environmental Impact Report ("DEIR"), paid for by the applicant; and

WHEREAS, the consultant prepared a DEIR (State Clearinghouse # 2015032086) in accordance with the State CEQA Guidelines and requirements. The DEIR was duly noticed, published, and distributed for a 45-day public review period from December 31, 2015 – February 16, 2016, and was made available for public review at City Hall, Planning Department; and

WHEREAS, the City's consultant prepared a duly noticed and published Final Environmental Impact Report (FEIR) on February 26, 2016, that was distributed to public agencies that commented on the DEIR, was made available at City Hall, Planning Department, the City's website, and upon request at the Planning Department; and

WHEREAS, the Planning Commission held a duly published and noticed public hearing on March 3, 2016, to review and consider the FEIR and the requested planning permits (entitlements), hear public testimony, and provide comments and recommendations to the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Scotts Valley ("Commission"), that the Commission hereby recommends to the City Council:

SECTION 1: That the FEIR has been completed in compliance with the requirements of CEQA and that the Planning Commission has reviewed and considered the information within the FEIR.

SECTION 2: That the FEIR represents the independent judgement and analysis of the City.

SECTION 3: That the City Council certify the FEIR and recommended mitigation contained in the Mitigation Monitoring and Reporting Program (MMRP) (Exhibit A) attached hereto and incorporated herein by this reference based on the following findings pursuant to CEQA and the CEQA Guidelines Section 15091, Findings:

1. ***Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effect as identified in the Final EIR.*** The Final EIR meets the requirement of this finding in that an MMRP (Pages 4-1 through 4-32 of the Enterprise Way Project FEIR February 2016) has been prepared listing the environmental impacts, ways to substantially reduce many impacts to less than significant levels. All mitigation measures in the MMRP shall be included in any future resolutions approving the project, made fully enforceable as future planning permit conditions of approval, and are incorporated herein in their entirety by this reference. Although the City's independent environmental consultant concluded that Alternative A (Residential Only) is the "environmentally superior" alternative to the proposed project, this Alternative would still result in significant and unavoidable traffic impacts at the project and cumulative level because two of the six studied intersections already operate below City standards. As proposed, the project will add a less than one (1) second delay to existing intersection wait times.

2. ***The City has prepared a program to report on and monitor changes made to the project in order to mitigate or avoid significant effects on the environment.*** The Final EIR meets the requirement of this finding in that a Mitigation Monitoring and Reporting Program (MMRP) has been prepared, which lists all of the mitigation measures and identifies the parties responsible to monitor and report/track compliance of the mitigation measures. The MMRP will ensure compliance during future project implementation and provide the timing for implementation.

3. ***The documents and other materials constituting the record of the proceedings upon which the City's decision and its findings are based will be located at the Department of Planning of the City of Scotts Valley in the custody of the Community Development Director.*** The Final EIR meets the requirement of this finding in that documents and other material constituting the record of the proceedings upon which the City's decision and findings are located at the Planning Department of the City of Scotts Valley, One Civic Center Drive, Scotts Valley, CA, 95066, in the custody of the Community Development Director as part of the public record.

SECTION 4: Approve General Plan Amendment based on the following findings and as shown in the General Plan Amendment Map (Exhibit B) attached hereto and incorporated herein:

4. ***The change in the General Plan land use designations are consistent with the General Plan.*** The project meets the requirements of this finding in that the project will change the existing General Plan Land Use Designation from Industrial-Research & Development to High-density Residential and Commercial Service, which are the appropriate land use designations for the 50 condominiums and hotel.

5. ***That the density is compatible with adjacent uses and densities.*** The project meets the requirements of this finding in that the residential density will be approximately 12 units/acre, which is within the allowed range of 9-15 units/acre in the High-density Residential land use designation. This density is an appropriate transition from the Medium-density Residential of 2-5 units/acre in the adjacent Polo Ranch subdivision. Additionally, the project would be the last puzzle piece of major development of the City's commercial/industrial corridor, which begins at Scotts Valley Drive at Mt. Hermon Road and ends at the subject parcel. The proposed zoning will be a traditional land use transition between the single-family Polo Ranch subdivision and the existing commercial office campus of Enterprise Technology Center (formerly Borland Phase I) to the south. The project will provide viable infill residential and commercial development of an underused lot.

SECTION 5: Approve Zone Change based on the following findings and as shown in the Zone Change Map (Exhibit C) attached hereto and incorporated herein:

6. ***The change in the zoning districts are consistent with the General Plan and the densities are compatible with adjacent uses and densities.*** The project meets the requirements of this finding because the project will change the existing I-RD(PD) zone to R-H/PD and C-S/PD, which are the appropriate zones and sequence to transition from the R-1-10/PD zoning district to the east in the 40-lot Polo Ranch subdivision underway and the I-RD(PD) zone of the existing Enterprise Technology Center to the south.

SECTION 6: Approve the Planned Development District Overlays and Permits based on the following findings, subject to Conditions of Approval (Exhibits D and E) attached hereto and incorporated herein:

7. ***That the Planned Development Zoning District Overlays and Permits (PD) further the policies of the General Plan.*** The project meets the requirement of this finding in that the overall building locations, landscaping, and fencing/walls will ensure compatibility between commercial uses and their adjacent uses, per General Plan Land Use Element Objective LO-37. Rezoning the vacant and underused infill site to appropriate high-density encourages development of the underused parcel, consistent with Land Use Element Action LA-7. The hotel will be concentrated at the end of the urban core of the City, pursuant to Land Use Element Policy LA-45.

8. ***The proposed Planned Development District Overlays (PD) are consistent with the underlying land use designations and zoning districts and the of the City of Scotts Valley General Plan.*** The project meets the requirements of this finding because the PD district overlay will be combined with the base zoning districts. The resulting R-H/PD and S-C/PD zones allow specific development standards to address the constraint of an access easement crossing the property and to retain suitable trees that qualify for protection per City's Municipal Code.

9. ***That the PD conforms in all respects to the planned development zoning of the property.*** The "PD" will be an overlay zone to the proposed R-H and C-S base zoning districts. The project design meets the requirement of this finding in that approval of the Planned Development and Permits will allow the project to vary from some of the development standards of R-H and C-S zones, while still allowing for the underused site to be developed. The R-H/PD and C-S/PD zones PD will include exceptions to: building heights of approximately 42-45+/- feet for the townhouses and 39-50 feet for the hotel with elevator (where 35 feet is the maximum, and given how building height is calculated in the Municipal Code); reduced garage sizes of 20 feet x 20 feet (where 22 feet x 22 feet is only required for single-family houses); and, reduced 123 parking spaces for the hotel (where 127 spaces are required).

10. ***That the inter-relationship between the orientation, location, mass and scale of building volumes, and elevations of buildings, structures, and other uses on-site are appropriate, compatible, and aesthetically harmonious.*** The project meets the requirements of this finding in that the overall siting and design of the buildings are well-designed in and of themselves. The 3-story design townhouse-style condominiums and part of the 4-story hotel (with an elevator) will have increased building heights of 42-45 feet and 39-50 feet, but the overall effect will be compatible with the existing Enterprise Technology Center to the south. The architecture, quality exterior materials/ finishes/colors, and landscaping will create a visually harmonious project.

11. ***The environmental impacts of the project have been reviewed and considered.*** The project meets the requirement of this finding in that the Draft EIR identified significant or potentially significant effects associated with: aesthetics, air quality, biological resources, cultural resources, geology & soils, noise & vibration, and transportation & circulation. With the implementation of recommended mitigation measures, all impacts would be reduced to less than

significant levels with the exception of transportation & circulation, which would remain significant and unavoidable due to existing traffic conditions. The two traffic-related impacts that will be significant and unavoidable require the City to adopt a Statement of Overriding Consideration; refer to Finding #28.

SECTION 7: Approve the Land Division based on the following findings, and as shown on the plans submitted, subject to Conditions of Approval (Exhibits D and E) attached hereto and incorporated herein:

12. ***That the location of the uses are in accordance with the objectives of the zoning ordinance and the purposes of the district in which the site is located.*** The project meets the requirements of this finding in that the project provides fencing/walls and landscaping between the residential development and the hotel. The condominiums will be located in proximity to the adjacent Polo Ranch residential subdivision to the east, while the hotel will be located to the existing commercial campus to the south. As proposed and conditioned, the two uses and multiple building locations will provide adequate space to meet the needs of modern commercial development while protecting the adjacent residential uses, consistent with the purposes and objectives of the C-S and R-H and zoning districts, respectively.

13. ***That the proposed tentative map/land division, together with the provisions for its design and improvement, is consistent with the General Plan.*** The project meets the requirements of this finding in that the design of the land division and its related property improvements are consistent with many goals and objectives of the General Plan, as described in the Draft and Final EIRs. The Public Works Department has reviewed the project and recommended approval subject to conditions.

14. ***That the project site is physically suitable for the density of the land division.*** The project meets the requirement of this finding in that the 6.8-acre site contains sufficient land area for the 50 condominiums and related site improvements, while providing passive outdoor areas for future project residents. The hotel will provide sufficient parking, required landscaping, and outdoor amenities for customers. Public services are available and utilities are of adequate capacity to accommodate the project including build-out under the General Plan. Mitigation measures will reduce impacts of the project grading and construction.

15. ***That the design of the land division or the proposed improvements are not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat.*** The project meets the requirements of this finding in that the Final EIR includes extensive mitigation measures to reduce impacts associated with: Aesthetics: Light and glare; Air Quality: Fugitive dust emissions from construction activities; Biological Resources: Impacts to riparian habitat and existing vegetation, nesting birds; impacts from tree removal; Geology, Soils, and Seismicity: Risks associated with liquefaction, lateral spreading, and differential fill settlement; Noise:

Construction noise and noise from Highway 17; Paleontological Resources: Earth disturbance and construction; Prehistoric/Archaeological Resources: Earth disturbance & construction; and, Transportation and Circulation: Site circulation hazards and traffic control. All impacts would be reduced to less than significant levels with the exception of transportation & circulation because Intersections #3 and #5 already operate at below City standards regarding LOS (Level of Service) during the peak morning and evening hours.

16. ***That the design of the land division or the type of improvements is not likely to cause serious public health problems.*** The project meets the requirement of this finding in that the project will not generate hazardous emissions nor be a storage facility for hazardous/ combustible materials. The proposed main access road was designed to accommodate existing chemical delivery trucks traveling to and from the Scotts Valley Water District's Orchard Run Water Treatment Plant located to the north. The Final EIR concluded that the project is not expected to cause serious public health problems.

17. ***That the design of the land division will not conflict with easements acquired by the public at large (for access through or use of property within the land division).*** The project meets the requirement of this finding in that the project will continue to provide access through the site to the known existing access easement holders to the north (an approximate total of 13 parcels, including but not limited to: Scotts Valley Water District's Orchard Run Water Treatment Plant, Mr. and Mrs. Beagle, John Yacco, Todd Creamer & family, and future Polo Heights and Timber Ridge Lane subdivision residents, and two existing residences at the end of Timber Ridge Lane). The hotel site will provide a secondary emergency vehicle access through the parking lot. The Public Works Department has reviewed the project and recommended approval subject to conditions.

SECTION 8: Approve Use Permits based on the following findings, subject to Conditions of Approval (Exhibits D and E) attached hereto and incorporated herein:

18. ***The locations of the condominiums and hotel are in accordance with the objectives of the zoning ordinance and the purposes of the zoning district in which the site is located.*** Condominiums require use permits in any zone, while hotels are conditional uses in the C-S zoning district and require use permits. The proposed project meets the requirements of this finding in that the locations of the uses will be appropriate for the site and in relation to the adjacent residential subdivision being graded and the existing office campus. The residences will provide more housing opportunities in the City. The select-service, extended-stay model will be a new type of hotel to the community, consistent with the purpose and objectives on the C-S zone.

19. ***The establishment, maintenance, or operation of condominiums and hotel will not, under any circumstances of the particular case, be detrimental to the health, safety, peace, morals, comfort, and general welfare of persons residing or working in the neighborhood of the proposed use or be***

detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the city. The proposed project meets the requirements of this finding in that mitigation measures will reduce identified project impacts to less than significant levels and conditions of approval will finesse some of the design aspects of the project. The use will be consistent with the City's 2007 Economic Development Plan to recruit retail businesses that diversify the market.

SECTION 9: Approve Design Reviews based on the following findings, subject to Conditions of Approval (Exhibits D and E) attached hereto and incorporated herein:

20. The siting of any structure on the property as compared to the siting of other structures in the immediate neighborhood is appropriate. The project meets the requirement of this finding in that the hotel will be sited appropriately in relation to the existing Hwy 17, Enterprise Technology Center, and future 50 condominiums given the building orientation, setbacks, and landscape buffers. Given the existing access easement for the Polo Ranch subdivision, the overall siting of residential and hotel buildings are suited to the property, setting, and zoning context.

21. The materials, colors, proportion, mass and detail of all structures shall be in good proportion, have simplicity of mass and detail and be compatible in appearance with surrounding structures. There shall be an appropriate use of materials. Colors shall be appropriate within the context of use and should blend with surrounding structures. The project meets the requirements of this finding in that the proposed residences and related property improvements are compatible with the massing, architectural style and materials of the approved adjacent Polo Ranch residential project. The proposed roof lines and forms will provide visual interest. The variety of quality materials, exterior treatments, finishing details and exterior colors building colors are appropriate. As proposed, the hotel shares similar massing, layout and proximity to commercial corridors as the existing office building adjacent to the site, consistent with the City's design criteria.

22. The size, location, design, color, number, lighting and materials of all signs and outdoor advertising structures shall be appropriate to the site and building design. The project meets the requirements of this finding in that the hotel signage complies with the sizes/amounts of signage allowed in the City's Municipal Code. Sign placement and colors will allow travelers to identify the hotel from Hwy 17. The signage is compatible with the architecture consistent with the Marriott brand.

23. Landscaping and irrigation plans shall be required on the site. Landscaping shall be in keeping with the character or design of the building. Existing trees shall be preserved wherever possible. The project meets the requirements of this finding in that the project will provide extensive new landscaping for the condominiums and hotel. Connection to recycled water

will be required. Preliminary landscaping details have been reviewed. A condition of approval will require exploring additional landscaping along the north/Hwy 17 property line to enhance the main entrance to the site, to the extent feasible. Final determination of trees to be preserved and protection measures to be implemented during construction will be finalized at the building permit stage, consistent with the City's tree regulations.

24. ***The size, location and arrangement of on-site parking and paved areas shall be appropriate.*** The project meets the requirements of this finding in that the residential part will provide a total of 123 parking spaces (50 two-car garages and 23 uncovered surface parking spaces), which exceeds the minimum 110 spaces required by 13 spaces. The hotel will provide 123 uncovered, surface parking spaces, while 127 spaces are required. The PD overlay and permit allow for a slight reduction of 4 spaces (3% of total required parking). To supplement the parking features of the project, to the extent feasible, project conditions will explore additional parking (and landscaping) along the main access road (extension of Santa's Village Road).

25. ***For ingress, egress and internal traffic circulation, all the above factors shall be related to the setting or established character of the neighborhood or surrounding area.*** The project meets the requirements of this finding in that, on August 7, 2002, the City approved the project entrance/exit from Santa's Village Road through the Borland Phase II site to the project site's west property line before Carbonero Creek. Internal street will be private emergency vehicle access easement through the hotel site. The road widths are appropriate for the site to minimize grading and tree removal.

26. ***For fences and walls over eight feet tall or fences over three feet tall in front yards when across from Hwy 17, consider height and access to sunlight, setbacks, landscaping and use of materials for articulation and visual relief.*** There may be some walls with fencing located directly above that may exceed 8 feet in height. These walls/fences will provide physical separation and buffer from Hwy 17 and internal vehicular circulation. The project meets the requirements of this finding in that project conditions will provide acoustical fencing where appropriate, and staff will review final heights, designs, materials, and context as formal development plans are submitted, to the extent feasible.

SECTION 10: Approve Statement of Overriding Considerations for the Final EIR and project based on the following discussion and finding:

27. ***To the extent that adverse or potentially adverse impacts set forth above have not been mitigated to a level of insignificance, that specific economic, social, legal, environmental, technological or other benefits of the project outweigh the significant effects on the environment.*** The project meets the requirements of this finding in that in deciding to approve the proposed project evaluated in the Final EIR, the City has considered the two unavoidable and significant environmental impacts identified below. Although the City believes that impacts identified in the EIR will be reduced to less than significant levels by

the mitigation measures incorporated into the project, it recognizes that approval of the project will nonetheless result in two unavoidable and potentially irreversible effects, as summarized below.

A. <u>Increase congestion and travel delays on regional and local roadways or exceed an established LOS standard:</u> The existing intersections of Santa's Village Road / Granite Creek Road / northbound Highway 17 (Intersection #3) and Scott's Valley Drive / Glenwood Drive / southbound Highway 17 (Intersection #5) already operate at unacceptable City levels during peak morning hours (7-9AM) and evening hours (5-7PM). Therefore, any change, even a relatively minor one like less the proposed project, is considered significant. The project would contribute less than one (1) second of additional delay to these two intersections. This additional delay would be a significant impact that cannot be feasibly mitigated due to the constrained nature of the existing intersections; and,

B. <u>Contribute to cumulatively considerable transportation and circulation impacts:</u> The project would contribute less than one (1) second of additional to delay to the cumulative Intersections #3 and #5, which already operate at unacceptable levels. This additional delay would be a significant impact that cannot be feasibly mitigated due to the constrained nature of the existing intersections.

The City finds that any and each of the following considerations is sufficient to approve the project for any one or more of the unavoidable impacts identified and that each of the overriding consideration is adopted with respect to each of the impacts individually and that each consideration is severable from any other consideration should one consideration be shown to be legally insufficient for any reason. The following considerations support approval of the project:

I. The project will serve the City's goal of adding to the supply of high-density townhouse-style condominiums in the City in order to accommodate regional population needs and employment growth in the City;

II. Implementation of the project will result in the developer contributing to the financing of the improved school facilities in the area;

III. The project will directly contribute to the tax base of the City through increases in transient occupancy tax (TOT) and in the assessed value of the project property. Indirect contributions will be from increased sales tax revenues from the hotel operator, hotel patrons, and future project residents.

IV. Leaving the property in its current vacant state will not further the economic development goals of the City. Since 1991, when "Borland

Phase II" was approved (192,555 square feet), development has always been intended on the subject parcel. Although the approval for Phase II expired in 2004, the City's hope was that this important research and development infill site would eventually be developed to bring additional jobs and services to the City, such as medical research, high technology, or software development.

Since then, the subject parcel has been vacant and underused. The last decade has been a difficult market for new commercial construction in the City. For years, Enterprise Technology Center (formerly Borland) had many tenant vacancies. Although new businesses have started to occupy the building, the current research and development zone of the subject parcel is no longer viable.

However, residential construction is a continuous market because people want to live in a safe community with good schools and recreation programs. With the 1440 Foundation reuse of the former Bethany University campus and other new businesses locating in the City, the market has shown a demand for hotels. The project would be a traditional land use transition between the single-family Polo Ranch subdivision to the east and the existing commercial office campus of Enterprise Technology Center (formerly Borland) to the south. The project will provide viable infill residential and commercial development of an underused lot.

Balancing new construction with existing traffic is an issue throughout the County. The project would add less than one (1) second of additional delay at Intersections #3 and #5, which currently operate below City standards in the peak morning and evening commute hours.

The proposed project would be the last puzzle piece of major development of the City's commercial/industrial corridor, which begins at Scotts Valley Drive at Mt. Hermon Road and ends at the north end of the City. Once developed, there would be no more building potential in this area; and, further traffic impacts from the project site would not be anticipated.

NOW THEREFORE, BE IT FURTHER RESOLVED that, after careful consideration of the application and related materials, plans, maps, facts, exhibits, staff report, testimony and other evidence submitted in this matter, and incorporated herein by this reference, the Planning Commission of the City of Scotts Valley recommending City Council approval of a Final Environmental Impact Report EIR15-001, General Plan Amendment GPA15-001, Zone Change ZC15-001, Planned Development Overlays & Permits PD15-001 & PD15-002, Land Division LD15-001, Use Permits U15-002 & U16-001, Design Reviews DR15-001, DR15-009, and DR16-001, and Statement of Overriding Considerations to create 50 residential units and a 120-room hotel, and

related improvements located on a vacant 6.8-acre parcel at the end of Santa's Village Road/ APN 024-031-017, subject to the Mitigation Measures (Exhibit A), General Plan Amendment Map (Exhibit B), Zone Change Map (Exhibit C), and amended Conditions of Approval (Exhibits D and E), which are attached hereto and incorporated herein by this reference.

THE ABOVE AND FOREGOING RESOLUTION was duly and regularly passed by the Planning Commission of the City of Scotts Valley at a meeting held on the 3rd day of March 2016, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Approved: _____
Russ Patterson
Planning Commission Chair

Attest: _____
Taylor Bateman
Acting Community Development Director