

City of Scotts Valley
PLANNING COMMISSION
STAFF REPORT

Date: March 3, 2016

Applicants: City Ventures, LLC
Coast Redwood Hospitality

Property Owner: City Ventures, LLC

Applications: Environmental Impact Report EIR15-001, Cultural Resource Alteration CRA15-001, 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

Location / APN: No situs/address; former Borland Phase II site at the end of Santa's Village Road north of Granite Creek Road) / 024-031-17

General Plan / Zoning: Industrial-Research & Development / I-RD(PD)

Request: Consideration of a recommendation of approval to the City Council of a Final Environmental Impact Report and planning permit applications to subdivide the parcel and build 50 townhouses, a 120-room hotel, and related property improvements.

Staff Planner: Michelle Fodge, AICP, Senior Planner

STAFF RECOMMENDATION

Staff recommends that the Planning Commission conduct a public hearing, hear public testimony, consider the Final Environmental Impact Report (FEIR) and proposed project, and recommend that the City Council adopt a Statement of Overriding Considerations for the significant unavoidable impacts of the project, certify the FEIR, and approve planning permit applications, subject to mitigation measures and conditions in the attached Exhibits A and B.

BACKGROUND AND KEY DATES

A brief summary of key land use dates is provided below:

In 1991	On the subject 6.8-acre parcel, City approved Borland Phase II approximately 192,555 square feet of commercial office space, at the same time as Phase I (approximately 370,000 square feet, now called Enterprise Technology Center) located on the adjacent parcel to the south.
In 2002	City approved the access road that crosses the subject parcel which will serve access easement holders and the approved 40-lot Polo Ranch subdivision to the east.
In 2004	Borland Phase II planning permits and development agreement expired. Since then, the infill site has been vacant.
In 2013	City Ventures, local and regional developer, bought the parcel.
March 2015	Notice of Intent of an Environmental Impact Report was filed.
Dec. 31, 2015 to Feb. 16, 2016	Draft EIR was published for a 45-day public review period; document available at City Hall and City website.
March 3, 2016	Planning Commission will hold a public hearing to consider the Final EIR and proposed development and make a recommendation to the City Council.
March 16, 2016	Tentative date for City Council to hold a public hearing to consider the Final EIR and proposed development.

PROJECT DESCRIPTION

On the vacant 6.80-acre site, the applicants propose to build 50 residential townhouse-style condominiums on 4.32 acres and a 120-room hotel (approximately 87,000 square feet) on the remaining 2.48 acres. The hotel is a four-story complex and would operate under a select-service, extended-stay model. In three-story buildings, the 50 residential townhouses are approximately 1,700 square feet in size with three to four bedrooms, plus a 2-car garage. The proposed projects would be built separately.

REQUESTED PLANNING PERMITS (ENTITLEMENTS)

The project requires the following planning permits:

- Environmental Impact Report: To evaluate the potential environmental impacts;
- Cultural Resource Alteration Permit: To protect potential artifacts (this permit is processed before and separately from the entitlements listed below);

- General Plan Amendment: To change the existing General Plan Land Use Designation of Research & Development (Planned Development) to High-Density Residential and Commercial Service;
- Zone Change: To change the existing zoning district of I-RD(PD) to R-H/PD and C-S/PD;
- Planned Development District Overlays and Permits (PD): To allow tailored development standards to fit the needs of the project and properties
- Land Division: To subdivide the parcel into lots for the hotel and residential uses;
- Use Permits: To allow townhouse-style condominiums in the R-H zone and a hotel in the C-S zone; and,
- Design Review: To evaluate the architecture and related site improvements.

ENVIRONMENTAL REVIEW

1. **Purpose**: The level of environmental review required for the proposed project is called an Environmental Impact Report (EIR). Under the Planning Department's management, the City's independent environmental consultant has prepared the Draft EIR (DEIR), responses to comments received on the DEIR, and the Final EIR (FEIR). The FEIR is an informational document, the purpose of which is to identify and disclose potential significant impacts of the proposed project and recommend ways to reduce the impacts to less than a significant level, as established under the California Environmental Quality Act (CEQA). An important function of the FEIR is that it will serve as the basis for future conditions of approval of the proposed project.
2. **Project Impacts Found Not to Be Significant**: The DEIR concluded that the following summary of key environmental topics would not be significant for the proposed project:
 - Aesthetics: Project would not substantially alter visual character or change scenic vistas, including in a State scenic highway;
 - Agricultural/Forestry Resources: No such resources on the site;
 - Air Quality: Project would not result in significant long-term criteria air pollutant or toxic air contaminant emissions; no odor-generating uses;
 - Biological Resources: Project does not interfere with wildlife movement corridors or an adopted Habitat Conservation Plan;
 - Cultural Resources: Project would not affect historic architectural resources or inadvertently disturb human remains;
 - Geology & Soils: Project would not trigger or accelerate soil loss or erosion or result in exposure to fault rupture or landslides; no septic systems would be installed;
 - Greenhouse Gases: Project would not contribute considerably to greenhouse gas emissions;
 - Hazards: Project does not include substantial use of hazardous materials; site is not in proximity to airport or listed on State hazardous site lists;
 - Hydrology & Water Quality: Project would not contribute to depletion of local groundwater, substantially increase runoff, alter drainage patterns, or result in exposure to floods;

- Land Use: Project would not disrupt or divide an established community or conflict with applicable plans adopted for the purpose of avoiding or mitigating and environmental effect, including habitat conservation plans;
- Mineral Resources: Project site is not an active mineral recovery site;
- Noise: Project would not result in substantial permanent increase in noise or expose people to airport noise or excessive ground borne vibration;
- Population and Housing: Project is consistent with regional projections and would not displace housing or people;
- Public Services & Utilities: The project's police, fire protection, schools, water, wastewater, stormwater, and solid waste service demand would not exceed capacity; no conflict with solid waste regulations;
- Recreation: Project would not result in substantial deterioration of existing facilities; and,
- Transportation and Circulation: No parking impacts, changes in air traffic patterns, lack of emergency access, or conflict with policies promoting alternative transportation.

3. Project Impacts Deemed Significant but Mitigated: The DEIR concluded that the following summary of key significant impacts would be mitigated to less-than significant levels for the proposed subdivision design:

- 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.

4. Project Impacts Deemed Significant and Unavoidable: The FEIR concluded that the significant impacts cannot be feasibly mitigated to less-than-significant levels. The impacts listed below would be reduced for Alternative A (Residential Only) and Alternative B (Existing Zoning) but would still remain significant and unavoidable. Certifying the FEIR requires the City to approve a Statement of Overriding Considerations for these impacts.

- Increase congestion and travel delays on regional and local roadways or exceed an established LOS standard: 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,

- Contribute to cumulatively considerable transportation and circulation impacts: 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.

5. **FEIR Conclusions:** 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. Adopting a Statement of Overriding Consideration is required.

To certify an FEIR per CEQA Guidelines Section 15090, the City must certify that the FEIR has been completed in compliance with the California Environmental Quality Act; was presented to the decision-making body of the City and that the decision-making body reviewed and considered the information contained in the FEIR prior to approving the project; and, the FEIR reflects the City's independent judgment and analysis.

DISCUSSION

Staff has reviewed the project for compliance with the City's requirements. An analysis of the issues for Planning Commission consideration is described below:

1. **Consistency with the City's General Plan:** The City's General Plan is the policy document that provides goals, objectives, policies, and specific action steps to carry-out the City's vision for new development. The proposed project requires a change in the existing General Plan Land Use Designation from Industrial-Research & Development to High-density Residential and Commercial Service.

Consistency with all of the General Plan policies is not a mandate for any project. However, CEQA requires that consistency with the General Plan be evaluated for projects requiring an EIR. As proposed, the project is consistent with the City's General Plan except for Circulation Element Action CA-150 which calls for LOS "C" or better and road intersections other than Scotts Valley Drive/Mt. Hermon Road and Scotts Valley Drive/Granite Creek Road. This inconsistency is because existing traffic conditions at Santa's Village Road / Granite Creek Road / Hwy 17 NB Ramps (Intersection #3) and Scotts Valley / Glenwood Drive / Hwy 17 SB Ramps (Intersection #5) are already below LOS "C". The proposed project will add less than one (1) second delay at these two intersections. For clarity, FEIR page 12-10 will be corrected as "inconsistent" for Policy CA-150.

2. **Consistency with the City's Zoning Ordinance:** The project will change the existing I-RD(PD) zone to R-H/PD and C-S/PD, which are the appropriate zones. The Planned Development District Overlay and Permit (PD) allow development to be designed to meet the needs of the project and property. The "PD" will be an overlay zone to the proposed R-H and C-S base zoning districts. The 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); 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).
3. **Traffic and Land Use:** 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 a 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 proposed rezone combines residential and a hotel for a viable use of the site.

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.

Because the proposed project would complete new development at the north end of the City, there would be no more building potential in this area. Once developed, further traffic impacts from the project site would not be anticipated.

4. **Use Permit and Design Review:** Condominiums require use permits in any zone, while hotels are conditional uses in the C-S zoning district, which also require use permits. As proposed, mitigated and conditioned, the project will be an appropriate use for the project site and adjacent uses that will be compatible with the surrounding office and residential uses.

The R-H and C-S zoning districts require Design Review for new construction and signage. The project will be consistent with the City's design criteria, in that, the proposed residences and related property improvements are compatible with the massing, architectural style and materials of the approved Polo Ranch residences.

As proposed, the hotel shares similar massing, layout and proximity to commercial corridors as the existing office building adjacent to the site. To supplement the design 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), ensure project lighting is consistent with City standards, and provide acoustical fencing where appropriate.

- 5. Affordable Housing Update:** The Affordable Housing Subcommittee is reviewing the application and their recommendation will be forwarded to the City Council for consideration at the public hearing tentatively scheduled on March 16, 2016.

PUBLIC NOTICE AND PUBLIC COMMENT

Consistent with state law and the City's requirements, the City sent a public notice of the scheduled Planning Commission public hearing to all property owners located within 600 feet from project site, which is 300 feet greater than the standard 300 feet required. Public notices were also posted at City Hall, Senior Center and Scotts Valley Branch Library, and the DEIR was posted on the City's website. The applicants posted two large notice signs on the project site and held an open house in early February.

To date, the City has received various general information phone calls and 10 written comments on the DEIR, to which the FEIR responds. Any additional comments received will be provided to the Planning Commission and public for review at the Planning Commission Public Hearing on March 3, 2016.

REQUIRED FINDINGS

Based on the FEIR, submitted reports, plans, and analysis, staff believes that the required findings to certify the FEIR and to approve the proposed project can be made, as shown in the attached Resolution No. 1700, subject to mitigation measures and conditions of approval.

CONCLUSION

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 subject parcel. 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.

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 Exhibit A - Mitigation Monitoring and Reporting Program (MMRP). Website
 Exhibit B - General Plan Land Use Designation Map. Website
 Exhibit C - Zone Change Map. Website
 Exhibit D - Residential Conditions of Approval. Website
 Exhibit E - Hotel Conditions of Approval..... Website
Final Environmental Impact Report (FEIR)..... * Attached
Project Plans. * Attached

* Please note that a hard-copy is available to review in the lobby at City Hall, Monday-Thursday 8AM-12PM and 1PM-5PM, at One Civic Center Drive, Scotts Valley. An electronic copy is also available on this page of the City’s website: http://www.scottsvalley.org/planning/Enterprise_Way.html
Please call the City at (831) 440-5630 if you have any questions.