



## Legislation Text

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**File #:** 19-733, **Version:** 1

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**SUBJECT:** Public Hearing to Consider Adoption of a Mitigated Negative Declaration for General Plan Amendment #19-03, Site Utilization Plan Revision #3 to Planned Development #72, Changing the Land Use Designation from Commercial Office (CO) and High to Medium Density Residential (HMD) to Neighborhood Commercial (CN) for Approximately 21.5 Acres Located at the Northeast Corner of Yosemite Avenue and G Street; Introduction of an Ordinance Approving Site Utilization Plan Revision #3 to Planned Development #72, Including a Hotel, Medical Office Buildings, Multi-Family Residential Housing, Fast Food Uses, and a Mixed-use Development; and Approval of a Legislative Action Agreement for the Project

### REPORT IN BRIEF

Request for City Council approval to change the General Plan and Site Utilization Plan designations for two parcels of approximately 21.5 acres located at the northeast corner of Yosemite Avenue and G Street to allow a mixed-use development, including the adoption of a Mitigated Negative Declaration.

### RECOMMENDATION

**City Council** - Adopt a motion:

A. Approving **Resolution 2020-03**, A Resolution of the City Council of the City of Merced, California, approving a Mitigated Negative Declaration for General Plan Amendment #19-03 and Site Utilization Plan Revision #3 to Planned Development #72 for two parcels containing approximately 21.5 acres located at the northeast corner of Yosemite Avenue and G Street; and approving General Plan Amendment #19-03 for the same two parcels changing the General Plan Designation from Commercial Office (CO) and High to Medium Density Residential (HMD) to Neighborhood Commercial (CN); and,

B. Introducing **Ordinance 2512**, an Ordinance of the City Council of the City of Merced, California, approving Site Utilization Plan Revision #3 to Planned Development #72 changing the land use designation from "Commercial Office" (CO) and "High-Medium Residential" (HMD) to "Neighborhood Commercial" (CN) for 2 parcels of approximately 21.5 acres of land generally located on the northeast corner of Yosemite Avenue and G Street; and,

C. Approving the Legislative Action Agreement and Authorizing the City Manager or the Assistant City Manager to execute the necessary documents.

### ALTERNATIVES

1. Approve, as recommended by the Planning Commission and staff; or,

2. Approve subject to modifications as conditioned by the City Council; or,
3. Deny; or,
4. Refer back to staff for reconsideration of specific items (specific items to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

## **AUTHORITY**

Title 19 of the Merced Municipal Code outlines environmental review procedures and California Government Code Section 65358(a) grants authority to amend all or part of an adopted General Plan. Merced Municipal Code Section 20.42.080 grants the City Council authority to approve revisions to a Planned Development.

## **CITY COUNCIL PRIORITIES**

Economic Development is listed as a part of FY 2019-20 Council Goals and Priorities as an element of Priority 5- Future Planning.

## **DISCUSSION**

### Project Description

The proposed project includes a General Plan Amendment and Site Utilization Plan Revision for 21.5 acres of land on the subject site. As shown on Attachment B of Planning Commission Staff Report #19-29 (Attachment 9), the site has two General Plan designations of CO and HMD and a Zoning designation of P-D #72. The proposed General Plan Amendment would change the General Plan designation to CN.

The SUP Revision includes changes to a number of aspects of P-D #72, including a four-story hotel of approximately 80,104 square feet, and two medical office buildings totaling approximately 66,465 square feet. It also includes 44 Units of Multi-Family Residential Housing totaling approximately 29,887 square feet, fast food uses with drive-through windows totaling approximately 5,494 square feet, and a mixed-use development with approximately 59,616 square feet of other retail and office uses, shown on the Site Plan at Attachment D of Planning Commission Staff Report #19-29.

### General Plan Compliance

With the proposed General Plan Amendment and Site Utilization Plan (SUP) Revision, the proposed project will conform with the General Plan designation of CN and zoning of P-D #72.

The Zoning Ordinance describes uses that are allowed within a specific zone “by right” and those allowed with a discretionary review such as a Conditional Use Permit. Under ordinary circumstances, drive-through sales, alcoholic beverage sales in restaurants for on-site consumption, multi-family dwellings, and gas and service stations are allowed within a C-N zone with approval of a Conditional Use Permit. Day care centers require a Minor Use Permit and hotels are listed as “use not allowed” in an ordinary C-N zone.

The SUP Revision proposes to condense a number of the typical public hearings for interface along with Conditional Use Permits into the single SUP Revision. Notable exceptions are that the hotel and multi-family residential components will still require publicly noticed public hearings for their Site Plan

Review Permits if they are on a parcel that is abutting or across from a parcel with R-1 or R-2 zoning. Section 20.32 of the Zoning Ordinance sets out the requirements for interface regulations to help integrate potentially incompatible zones. See Condition #34 of the Planning Commission Resolution at Attachment 9 for details.

The Zoning Ordinance does not specify a density for multi-family housing allowed within a C-N zone. The General Plan has a range of multi-family densities: Low-Medium Density (LMD) - 6 to 12 units/acre; High-Medium Density (HMD) - 12 to 24 units/acre; and High Density (HD) 24 to 36 units/acre. The Zoning designations that correlate to the multi-family General Plan designations would be R-2; R-3-1.5; R-3, and R-4. The proposed density for this project, based on the number of units is approximately 16.4 units per acre, considering the size of the proposed parcel. This density fits into an HMD General Plan designation comfortably; the site also currently has the HMD designation for the portion of the site where the multi-family residential component is proposed.

General Plan Policy L 2.7.a notes that there are very unique circumstances under which retail commercial destinations can be located at the intersections of two arterial streets. Among the criteria are a project of minimum size of 20 acres, strong connectivity to the adjacent neighborhood, provision of a mix of uses, and provision of good transit and pedestrian access. This project is approximately 21.5 acres, will connect to the adjacent neighborhood via Sandpiper Avenue and the future "Children's Avenue", provides for multi-family residential use in addition to commercial retail and office uses, and is on a site that is already near to existing transit routes. Planning staff believes that this project meets the criteria to proceed forward at the proposed location while being compatible with the guidelines laid out in Policy L 2.7.a.

### Traffic/Circulation

The project site is located at the northeast corner of Yosemite Avenue and G Street. The Project proposes to develop 66,465 square feet of medical-dental office space, a 128-room hotel, 11,458 square feet of fast-food restaurant with drive-through window(s), a gasoline/service station with convenience market (12 fueling positions), 18,222 square feet of shopping center, 5,000 square feet high turnover (sit-down) restaurant, 12,000 square feet of general office space, 4,804 square feet of day care center, and 44 multifamily units. At present, all intersections studied in the Traffic Impact Analysis operate at an acceptable Level of Service (LOS) during both peak periods. The City of Merced has determined that roads must operate at LOS of "D" or greater in order to be acceptable. The Traffic Impact Analysis, prepared by JLB Traffic Engineering, Inc. appears at Appendix B of Attachment G of Planning Commission Staff Report #19-29 (Attachment 9).

### Project Access

Based on the Project Site Plan, access to and from the Project site will be from five (5) access driveways located along Sandpiper Avenue, G Street, and Yosemite Avenue. Two (2) access points are proposed to be located along the east side of G Street. One is located approximately 1,250 south of Mercy Avenue and is proposed as a full access (with a future signal), with left turns in and out. The other is located approximately 625 feet north of Yosemite Avenue and is proposed as left-in, right-in and right-out access only. The access point off of Yosemite Avenue is located approximately 300 feet east of G Street and is limited to right-in and right-out access only. The remaining two access points

are proposed to be located along the extension of Sandpiper Avenue. While Sandpiper Avenue will eventually go through to Mercy Avenue, at the beginning of the project, access to Sandpiper Avenue will be limited to Yosemite Avenue, which will be limited to right-in and right-out access only onto Sandpiper Avenue. Sandpiper will connect to the future “Children’s Avenue,” which will go through to Mansionette Drive.

### Trip Generation

Trip generation rates for the proposed Project were obtained from the 10th Edition of the Trip Generation Manual published by the Institute of Transportation Engineers (ITE). The Project buildout is estimated to generate a maximum of 13,160 daily trips, 1,009 AM peak hour trips and 1,059 PM peak hour trips (before internal capture and pass-by rate reductions are taken into account). JLB also analyzed the estimated maximum trip generation of a prior version of the Project Site Plan. Due to a lack of secured users for the site, the exact square footages of the pads shown on the latest Project Site Plan may differ. At buildout, the prior Project Site Plan is anticipated to generate a maximum of 13,741 daily trips, 1,092 AM peak hour trips and 1,074 PM peak hour trips (before internal capture and pass-by rate reductions are taken into account). Compared to the prior Project Site Plan, the latest Project Site Plan is estimated to yield less traffic by 581 daily trips, 83 AM peak hour trips and 15 PM peak hour trips (before internal capture and pass-by rate reductions are taken into account). The TIA assumed the trip generation of the prior Project Site Plan, as it is the more impactful.

The following Mitigation Measure is recommended in Initial Study #19-28 for this project to ensure intersections operate at an acceptable level of service (see the Mitigation Monitoring Program at Attachment H of Planning Commission Staff Report #19-29, Attachment 9).

### Traffic Mitigation Measures

- TRA-01** Project Driveway 1 shall have a minimum throat depth of 150 feet before any vehicular openings to the north.
- TRA-02** The Project shall implement a walkway along its frontage to Sandpiper Avenue and complete the walkway along its frontage to G Street. Based on the implementation progress of the project, the timing of these improvements shall be at the discretion of the City Engineer.
- TRA-03** The Project shall implement a Class II Bike Lane along its frontage to G Street. Based on the implementation progress of the project, the timing of this improvement shall be at the discretion of the City Engineer.
- TRA-04** The intersection of G Street and Project Driveway 1 shall be signalized with protective left-turn phasing in all directions prior to the issuance of any occupancy permits.
- TRA-05** The intersection of Sandpiper Avenue and Mercy Avenue shall be modified as an All-Way Stop with the following details:
- Stripe a westbound left-turn lane;
  - Modify the westbound left-through-right lane to a through-right lane;

- Stripe a northbound left-turn;
- Modify the northbound left-through-right lane to a through-right lane;
- Implement an all-way stop control; and,
- Based on the implementation progress of the project, the timing of these improvements shall be at the discretion of the City Engineer.

**TRA-06 Option 1** The intersection of G Street and Yosemite Avenue shall have a second southbound left-turn lane added, the traffic signal shall be modified to implement overlap phasing of the northbound right-turn with the westbound left-turn phase, and westbound to eastbound U-turns shall be prohibited. Prior to implementation of this measure, design details and timing are to be approved by the City Engineer.

**TRA-06 Option 2** The intersection of G Street and Yosemite Avenue shall either (a) have a second southbound left-turn lane added, the traffic signal shall be modified to implement overlap phasing of the northbound right-turn with the westbound left-turn phase, and westbound to eastbound U-turns shall be prohibited, or (b) be improved with an alternate plan that meets or exceeds the mitigation provided by option "a" above and that meets the approval of the City Engineer. Prior to implementation of this measure, design details and timing are to be approved by the City Engineer.

**TRA-07** The intersection of Paulson Road and Yosemite Avenue shall have an eastbound through-right lane with a receiving lane east of Paulson Road added. Prior to implementation of this measure, design details and timing are to be approved by the City Engineer.

In addition, all applicable previously approved mitigation measures from Initial Study #10-06 would still apply. A copy of the mitigation monitoring program for Initial Study #10-06 can be found at Appendix C of Initial Study #19-28, which is Attachment G of Planning Commission Staff Report #19-29.

### Parking

Parking for the non-residential portions of the project are based on projected uses, and their requirements per Table 20.38-1 of the Zoning Ordinance. The Zoning Ordinance allows a 15% reduction in floor area for non-usable commercial space such as restrooms, storage areas, etc. Using this formula, the parking requirements for the commercial portion of the project would be 606 spaces.

The Zoning Ordinance requires 1.75 spaces of parking for each multi-family unit up to 30 units, plus an additional 1.5 spaces for each unit over 30. Based on this calculation, the residential portion of this project would require 74 parking spaces.

The total project requires 680 parking spaces. The proposed site plan envisions 964 parking spaces in total, meeting and exceeding the City's parking requirements. The Zoning Ordinance (MMC Section 20.38.050) also allows for reductions in parking requirements for mixed used projects, projects near transit, and other reductions which could be applied to this project. Although this project has not formally applied for a modification to the final map of the parcels, the site plan is drawn in such a way that future subdivision is possible, if not likely. Reviewing the individual uses in such a way that the parking on each potential parcel is tracked separately yields some uses (the Medical Offices, the Hotel, and the Multi-Family residences) that are slightly deficient on parking. The Parking Analysis table below provides more detail. Since the overall parking provided is significantly higher

than the overall parking required for the project, staff believes that with proper cross-access and use agreements in place (Condition #38 of Planning Commission Resolution #4034, Attachment 9), parking needs for the proposed uses are met and exceeded.

	SF	Units	Reduction	Spaces per SF	Req. Space	Prov. Space	Differenc
Gen. Retail	18,222	N/A	15%	1/300	52	113	61
Restaurants	7,404	N/A	30%*	1/100	52	93	41
Bank	3,560	N/A	15%	1/250	13	35	22
Gas/Service	3,150	N/A	15%	1/250 + 3	14	19	5
Office	12,000	N/A	15%	1/250	41	87	46
Fast Food	5,494	N/A	15%	1/350	14	111	97
Day Care	4,804	N/A	15%	1/400+1/employee**	23	63	40
Hotel	80,104	128	N/A	Per Unit***	114	111	-3
Multi-Family	29,887	44	N/A	Per Unit****	74	62	-12
Medical Office	66,465	N/A	15%	1/200	283	270	-13

\*70% of total square footage assumed for seating

\*\*10 employees assumed

\*\*\*Hotel requires 1 space/unit for the first 100 units, and 0.5 spaces/unit thereafter

\*\*\*\*Multi-family requires 1.75 spaces/unit for the first 30 units and 1.5 spaces/unit thereafter

### Building Design

As shown on the Rendering and Typical Elevations and Floor Plans, Attachments 6 and 5, the retail buildings on the site would stand one story tall and have a modern design with wood or faux wood fascia, stone, glass, and metal as primary features and elements. The buildings would have clean lines and use a variety of building materials to provide interest and differentiate between businesses. The retail portion of the project is proposed as the first phase of development, and future phases, including the hotel, the residential buildings, and the office buildings, would all use the retail phase's stylistic elements as a template for a cohesive, but not identical, thematic design for the entire site. Final design details will be approved by staff at the Site Plan Review stage.

### Site Design

The project site is bounded by Yosemite Avenue to the south, G Street to the west, the future extension of Sandpiper Avenue to the east, and approximately a hypothetical extension of University Avenue or Bobolink Court to the north. For clarity, Sandpiper Avenue is projected to extend between Yosemite Avenue and Mercy Drive during the lifespan of this project, while neither Yosemite Avenue nor Bobolink Court have such projections and are mentioned for the purpose of illustration only.

The site plan is still conceptual, especially as potential tenants are concerned, which may lead to modifications as development proceeds. Changes to the site plan could be approved by the Site Plan Review Committee. As proposed, the project site includes:

- 3,150 SF for a Gas/Service Station
- 3,560 SF for a Bank

- 4,804 SF for a Day Care
- 5,494 SF of Fast Food with Drive-Through
- 7,404 SF of Restaurants
- 12,000 SF of General Offices
- 18,222 SF of General Retail
- 29,887 SF for Multi-Family Residential; 3 Two-Story Buildings of 44 Rooms Total
- 66,465 SF of Medical Offices
- 80,104 SF for a 4-Story Hotel with 128 Rooms

The first phase of the project would include the development of the retail spaces, including the restaurants, the fast food, the gas/service station, and potentially the bank. Later phases will largely be determined by tenant interest and opportunity, but it is projected that the hotel, office uses, and day care are the most likely to proceed in a second phase, with the multi-family residential development as the third phase. There are not timing projections on these phases at this point.

The developers held a Neighborhood Outreach meeting at Cruickshank Middle School, 601 Mercy Avenue, near the project site on May 30, 2019, beginning at 6 PM. At this meeting, the applicants presented the project concepts as they stood at the time to interested residents, and solicited feedback. In response to comments received at this outreach meeting, the applicants modified their site plan to the current version, eliminating the plans for a car wash that residents suggested could have noise impacts on surrounding properties, and modifying the site layout such that the multi-family residential portion of the site is further north than was originally proposed. These changes have made the site design more congruent with its surroundings, with the multi-family housing acting as a buffer for other uses that would generate more noise and potential impacts to the existing neighborhood. Also in response to comments that City staff heard at the meeting regarding the concerns over hotel signage, Condition #40 of the Planning Commission Resolution at Attachment 9 regarding the illumination of signs has been added.

### Neighborhood Impact/Interface

As previously described, the project site is bordered on the east by residential uses as well as Merced College to the west across G Street. The developer held a neighborhood meeting on May 30, 2019, at Cruickshank Middle School, the impacts of which on the proposal are detailed above.

The Zoning Ordinance describes uses that are allowed within a specific zone “by right” and those allowed with a discretionary review, such as a Conditional Use Permit. Under ordinary circumstances, drive-through sales, alcoholic beverage sales in restaurants for on-site consumption, multi-family dwellings, and gas and service stations are allowed within a C-N zone with approval of a Conditional Use Permit. Day care centers require a Minor Use Permit and hotels are listed as “use not allowed” in an ordinary C-N zone.

Additionally, Section 20.32 of the Zoning Ordinance sets out the requirements for interface regulations to help integrate potentially incompatible zones. This section requires Site Plan Review be obtained prior to construction on a parcel with a Neighborhood Commercial (C-N) zone when it is adjacent to or across the street from an R-1-6 zone. In this case, several properties to the east are zoned R-1-6. The uses in this area include single-family dwellings located on approximately 0.2-acre lots. This project is designed in such a way that may at a future time be desirable to separate the

parcels, as noted by the “proposed parcel line” notations on the Site Plan, shown at Attachment 4; however, no parcel modifications have been submitted at this time.

Instead of the typical requirements for additional Conditional Use Permits and Site Plan Review for interface, this Site Utilization Plan process will address interface regulations, additional review, and permissibility of specific uses in Planned Development #72 (Condition #34 of Planning Commission Resolution #4034, Attachment 9). These modifications apply in the portions of Planned Development #72 covered by the subject site parcels in the following manner, taking into consideration that the adjacency of parcels may change in the event of parcel modifications in the future:

- Multi-family housing will require a Site Plan Review Permit rather than a Conditional Use Permit, and if on a parcel abutting or across from (per the definitions in Section 20.32.020 of the Zoning Ordinance) a property with R-1 zoning, will require a publicly noticed public hearing at the Site Plan Review meeting per Section 20.32 of the Zoning Ordinance.
- The hotel, rather than being a “use not allowed,” shall require a Site Plan Review Permit rather than a Conditional Use Permit, and if on a parcel abutting or across from (per the definitions in Section 20.32.020 of the Zoning Ordinance) a property with R-1 zoning, will require a publicly noticed public hearing at a Site Plan Review meeting per Section 20.32 of the Zoning Ordinance, but will not require an additional Conditional Use Permit.
- Restaurants selling alcohol for consumption on-site will require only a Site Plan Review Permit use without further requirement for a Conditional Use Permit or public hearing for interface considerations.
- Gas and service stations will require only a Site Plan Review Permit without further requirement for a Conditional Use Permit unless the gas and service station wishes to sell alcohol, in which case a Conditional Use Permit is required, and a letter of Public Convenience and Necessity may be required, but an additional public hearing for interface consideration is not required.
- Day care centers require only a Site Plan Review Permit without further requirement for a Minor Use Permit or public hearing for interface considerations.
- Drive-through and drive-up sales require only a Site Plan Review Permit without further requirement for a Conditional Use Permit or public hearing for interface considerations.
- General retail uses, professional offices, restaurants, and banks require only a Site Plan Review Permit without further requirement for a public hearing for interface considerations.

Public hearing notices were sent to all property owners within 300 feet of the site. Prior to the Planning Commission meeting, staff received one letter requesting that the cul-de-sacs across the extension of Sandpiper Avenue be walled off. Speakers advocating for conditions to that effect to be added to the Planning Commission’s recommendation were present at the Planning Commission



Public Hearing, held on December 4, 2019. The Planning Commission discussed this issue, but did not add recommended conditions based on these concerns. Staff also received a letter of support for the project from a representative of Valley Children's Healthcare, which plans to construct a facility on a currently vacant parcel to the east of the project. These letters have been provided at Attachment 9.

To date, staff has not had any comments other than those described above or those heard at the community meeting held by the applicants.

### Environmental Clearance

The Planning staff has conducted an environmental review (Initial Study #19-28) of the project in accordance with the requirements of the California Environmental Quality Act (CEQA), and a Draft Mitigated Negative Declaration (i.e., no significant effects in this case because of the mitigation measures and/or modifications described in Initial Study #19-28) is being recommended (Attachment G of Planning Commission Staff Report #19-29, Attachment 9).

### Planning Commission Action

On December 4, 2019, the Planning Commission held a public hearing to consider this application. At that meeting, other than representatives of the applicant, two people spoke regarding their desire for walling off the cul-de-sacs across the extension of Sandpiper Avenue. The Planning Commission voted 7-0 to approve Resolution #4034 (Attachment 10).

Since the Planning Commission meeting, staff is recommending an update to the language of Condition 36 of the Resolution to read as follows:

36. Sandpiper Drive, at a minimum, shall be constructed from Yosemite Avenue north to "Children's Avenue". Upon completion of the traffic signal at G Street and Project Driveway 1, north of the proposed hotel, Sandpiper Drive shall be constructed to Project Driveway 1. Prior to the issuance of any occupancy permit for any of the multi-family residential buildings, the two office buildings at the northern portion of the project site, or the hotel, Sandpiper Drive shall be constructed in its entirety to connect to Mercy Avenue. Reimbursements for street frontage improvements shall be given and calculated according to Merced Municipal Code Section 17.58. The value to be used in determining all collector-width reimbursement amounts shall be the current cost based on the work being done at the time the application involving reimbursement is submitted. The cost at the time of original installation does not apply.

Additionally, at the request of the developer, staff has provided a second option for the City Council to consider regarding Mitigation Measure TRA-06 that allows for an alternate plan that meets or exceeds the mitigation provided by option one and that meets the approval of the City Engineer.

## **IMPACT ON CITY RESOURCES**

No appropriation of funds is needed.

## **ATTACHMENTS**

1. Location Map
2. Proposed Land Use Changes

3. Aerial Map with Site Plan Overlay
4. Site Plan
5. Typical Elevations and Floor Plans
6. Renderings
7. Initial Study #19-28
8. Mitigation Monitoring Program from Environmental Review #19-28
9. Letters Received from the Public Regarding the Proposed Project
10. Planning Commission Resolution #4034
11. Draft City Council Resolution
12. Draft City Council Resolution Option 2
13. Draft Ordinance
14. Legislative Action Agreement
15. Legislative Action Agreement Option 2
16. PowerPoint Presentation