



CITY COUNCIL AGENDA REPORT

MEETING DATE: JUNE 15, 2021

ITEM NUMBER: PH-3

SUBJECT: FINAL ENVIRONMENTAL IMPACT REPORT (SCH NO. 2019050014), GENERAL PLAN AMENDMENT GP-20-01, REZONE R-20-01, SPECIFIC PLAN SP-20-01, MASTER PLAN PA-19-19, TENTATIVE TRACT MAP NO. 19015, AND DEVELOPMENT AGREEMENT DA-20-02 FOR DEVELOPMENT OF A MIXED-USE PROJECT (ONE METRO WEST) LOCATED AT 1683 SUNFLOWER AVENUE

DATE: JUNE 3, 2021

FROM: DEVELOPMENT SERVICES DEPARTMENT/PLANNING DIVISION

**PRESENTATION BY: MINOO ASHABI, PRINCIPAL PLANNER
NANCY HUYNH, SENIOR PLANNER**

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RECOMMENDATION:

Staff recommends that the City Council:

- 1. Conduct a public hearing including presentations from staff and the applicant and receipt of public comments; and
- 2. Continue the item to the next regular City Council meeting in order to have further deliberations; or
- 3. Approve the EIR, General Plan Amendment, Master Plan, Tract Map and language of the Development Agreement, and give first reading to the Zoning Code Amendment, Specific Plan, and Ordinance adopting the Development Agreement.

APPLICANT OR AUTHORIZED AGENT:

The applicant and property owner is International Asset Management Holding Group, LLC. The authorized agent is Brent Stoll with Rose Equities.

BACKGROUND/ANALYSIS:

The proposed project, One Metro West, was previously agendized and noticed for the May 4, 2021 City Council meeting. However, the item was not heard pending City Attorney's Office review of information submitted by the Applicant regarding potential conflicts of interest. The item was re-agendized for the next available City Council meeting, June 15, 2021.

Refer to the May 4, 2021 City Council Agenda Report for the detailed project description, full analysis of the proposed project, and attachments:

<http://ftp.costamesaca.gov/costamesaca/council/agenda/2021/2021-05-04/PH-1.pdf>

Written public comments submitted for the May 4, 2021 City Council meeting can be found here: <http://ftp.costamesaca.gov/costamesaca/council/agenda/2021/2021-05-04/PH-1-PublicComments.pdf>. Thirty-two written comments were submitted.

The main topics expressed in the public comments were previously addressed in the Planning Commission staff reports as well as the Responses to Comments in the Environmental Impact Report (these documents are provided as part of the May 4, 2021 Agenda Report).

Development Agreement

The draft Development Agreement attached to this Agenda Report includes Agreement exhibits, which were not previously included with the May 4, 2021 Agenda Report. The exhibits include the property's legal description, site map, development plans, and summary of development impact fees (refer to Attachment 1). The added exhibits do not change the substance of the Development Agreement or draft Ordinance No. 2021-XX.

In addition, minor revisions to certain provisions of the Development Agreement are proposed by staff, as shown in underline/strikethrough format in Attachment 1 and briefly summarized below. These modifications are intended to clarify the intent of existing Development Agreement provisions.

- Section 4.1.2, Community Center, has been modified to specify that the 1,500-square-foot community room located within Building B of the Project would be made available to the City *at no cost* and to the general public *subject to the same fees and scheduling availability applied to Project residents*.
- Section 4.1.8, Economic Recovery and Community Enhancement Fund, has been modified to provide greater flexibility allowing for the \$3,000,000 public benefit payment to be used for economic sustainability and recovery efforts as well as other community enhancement efforts such as park and open space acquisition and improvements.
- Section 4.2, Affordable Housing, has been modified to clarify that affordable housing requirements would continue to apply should the applicant decide to process a Final Tract Map for condominium purposes in the future.

- Section 4.3.5, Time of Payment, has been modified to refer to Exhibit D for the time of payment for development impact fees (rather than making reference to the “implementing ordinances”).

The Applicant is also requesting that the City Council modify Section 4.3 of the Development Agreement modifying the timing of payment for certain development impact fees to coincide with project construction phasing. The Applicant’s request dated April 28, 2021 was previously included with the May 4, 2021 Agenda Report and is included as Attachment 3 to this report for reference.

Applicant Letters

The Applicant submitted a letter dated June 3, 2021 requesting the City Council amend Condition of Approval No. 9 pertaining to the aesthetic treatment of the proposed parking structure facade, as requested by the Planning Commission (refer to Attachment 2).

The Applicant also submitted a memorandum dated June 3, 2021 responding to public comments submitted for the May 4, 2021 City Council meeting (refer to Attachment 4).

ENVIRONMENTAL DETERMINATION:

A Draft Environmental Impact Report (DEIR) was prepared by the City in accordance with the California Environmental Quality Act (CEQA). The DEIR examines the potential environmental impacts of the proposed project and focuses on the changes to the existing environment that would result from the proposed project. The EIR examines all stages of the project, including construction and operation.

The DEIR evaluated the proposed project’s potential environmental impacts on various topics (such as air quality, aesthetics, hydrology and water quality, and land use) and identified specific mitigation measures to lessen environmental impacts whenever feasible. In accordance with CEQA Guidelines Section 15073, the DEIR was made available for a public comment period beginning on February 7, 2020 and ending at 5PM on March 23, 2020. However, as a result of Governor Newsom’s direction regarding COVID-19, City Hall and other facilities that had hard copies of the DEIR began closing to the public on March 16, 2020; as such, the City extended the public review period and accepted comments through March 30, 2020 to allow the public additional time to review and submit comments.

Final EIR including Response to Comments

A total of seven comments were received from public agencies, three from Indian tribes, three from organizations, and 78 from individuals. Copies of all comments received and responses to the comments are included in the Final EIR, Volume II. The Final EIR consists of the response to comments, errata and mitigation monitoring and reporting program (MMRP). The response to comments represents responses to the public

comments received during the public review period of the Draft EIR. The errata makes minor changes to the Draft EIR that do not affect the overall conclusions of the environmental document. The MMRP is a comprehensive list of all mitigation measures identified in the EIR.

Modification to the Project Construction Phasing Schedule

The Draft EIR analyzed construction of the project to occur in one phase. The revised construction phasing schedule shows construction is planned to occur in three phases. A technical memo was drafted to evaluate the construction phasing change in terms of impacts to air quality, greenhouse gases, noise, and transportation associated with the revised phasing schedule. The proposed change in the phasing resulted in no significant environmental effects not previously considered in the Draft EIR and do not substantially alter the conclusions or findings of the Draft EIR related to the project's potential environmental effects or proposed mitigation measures. The technical memorandum is included in the Final EIR.

While the Final EIR consists of a modification to the project, it does not constitute "significant new information" pursuant to CEQA Guidelines Section 15088.5; as a result, a recirculation of the EIR is not required.

Summary of Significant Environmental Impacts and Mitigation Measures

The MMRP lists the mitigation based on each environmental topic with mitigation measures required in order to reduce the project's potentially significant impacts. The MMRP also specifies which City department is responsible for monitoring and ensuring compliance with the mitigations. The MMRP also includes timing of when the mitigation measure applies e.g. prior to issuance of building permits, during ground disturbance activities, etc. The MMRP includes mitigation for the following potentially significant environmental impacts identified in the EIR:

- Aesthetics
- Air Quality
- Cultural Resources
- Geology and Soils
- Hazards and Hazardous Materials
- Public Services and Recreation
- Transportation
- Tribal Cultural Resources

With the implementation of mitigation measures, environmental impacts were reduced to less than significant levels in all areas except greenhouse gas and transportation. In these two areas, impacts remain significant and unavoidable after implementation of all feasible mitigation.

Summary of Significant and Unavoidable Impacts

The EIR finds that the project would result in significant unavoidable adverse impacts in the areas of greenhouse gas emissions during project operation and transportation during project operation.

In order to approve a project with significant unavoidable impacts, the City Council must approve a Statement of Overriding Considerations (SOC) before it renders a decision. An SOC documents the balance of the benefits of a proposed project weighed against its significant unavoidable environmental impacts. An SOC is required in order to make the determination that a project's benefits outweigh its adverse impacts and therefore it may be approved. A Draft SOC was included as Attachment 1, Exhibit C to the May 4, 2021 Agenda Report.

ALTERNATIVES CONSIDERED:

The City Council has the following alternatives:

1. Approve the project. The City Council could approve the project as proposed with an 80 du/acre site-specific density for a mixed-use development including 1,057 residential units, 6,000 square feet of retail, 25,000 square feet of commercial office, and a 1.5-acre open space – subject to conditions of approval and mitigation measures; or
2. Approve the environmentally superior alternative project. The City Council could approve the environmentally-superior alternative project which is the Reduced Development Intensity. Under this alternative the proposed project would be reduced to 845 residential units along with the elimination of the office building and 1.5-acre open space; or
3. Modify the project. The City Council could request specific changes to the project design that are necessary to alleviate concerns. If any requested changes are substantial, the item should be continued to a future meeting to allow a redesign or additional analysis. In the event of significant modifications to the proposal, staff will return with revised resolution(s) incorporating new findings and/or conditions; or
4. Deny the project. If the City Council believes that there are insufficient facts to support the findings for approval, the City Council could deny the application(s) and provide facts in support of denial.

FISCAL REVIEW:

The project is estimated to generate an annual net fiscal deficit of approximately \$5,000 to the City's General Fund, as discussed in the May 4, 2021 Agenda Report. A Fiscal Impact Study is provided as Attachment 10 to the May 4, 2021 City Council Agenda Report.

LEGAL REVIEW:

The City Attorney’s Office has reviewed Ordinance No. 2021-XX and the Development Agreement and approves them as to form.

PUBLIC NOTICE:

Pursuant to Title 13, Section 13-29(d), of the Costa Mesa Municipal Code, three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

1. Mailed notice. A public notice was mailed to all property owners and occupants within a 500-foot radius of the project site. The required notice radius is measured from the external boundaries of the property.
2. On-site posting. A public notice was posted on each street frontage of the project site.
3. Newspaper publication. A public notice was published once in the Daily Pilot newspaper.

As of the date of this report, no additional written public comments have been received. Any additional public comments received after the publication of the staff report will be forwarded to the City Council separately.

CONCLUSION:

The proposed project, One Metro West, would redevelop an existing industrial site into a mixed-use development with residential, office, retail and open space uses. In addition, One Metro West proposes off-site improvements that would enhance Sunflower Avenue into a more pedestrian and bicycle-friendly street. The proposed project includes a General Plan Amendment to re-designate the property to High Density Residential, a Rezone to change the zone to PDR-HD, a Specific Plan to establish site-specific regulations, a Master Plan to implement the Specific Plan, a Tentative Tract Map to establish future airspace subdivision for condominium purposes, and a Development Agreement between the applicant and the City.

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- Attachments: 1. [Draft Ordinance 2021-XX](#)
- [Exhibit A: Development Agreement with Exhibits with staff modifications shown in underline/strikethrough format](#)
2. [Applicant Letter Request \(dated June 3, 2021\) to modify Condition of Approval No. 9](#)
3. [Applicant Letter Request \(dated April 28, 2021\) to modify the Development Agreement related to timing for payment of development impact fees](#)
4. [Applicant Memo \(dated June 3, 2021\) with Responses to Public Comments submitted for the May 4, 2021 City Council hearing](#)

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